Gadoon Textile Mills Limited

7-A, Muhammad Ali Society
Abdul Aziz Haji Hashim Tabba Street
Karachi 75350 Pakistan

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F: 021 3438 2436

gadoontextile.com

A Part of YBG

where excellence thrives

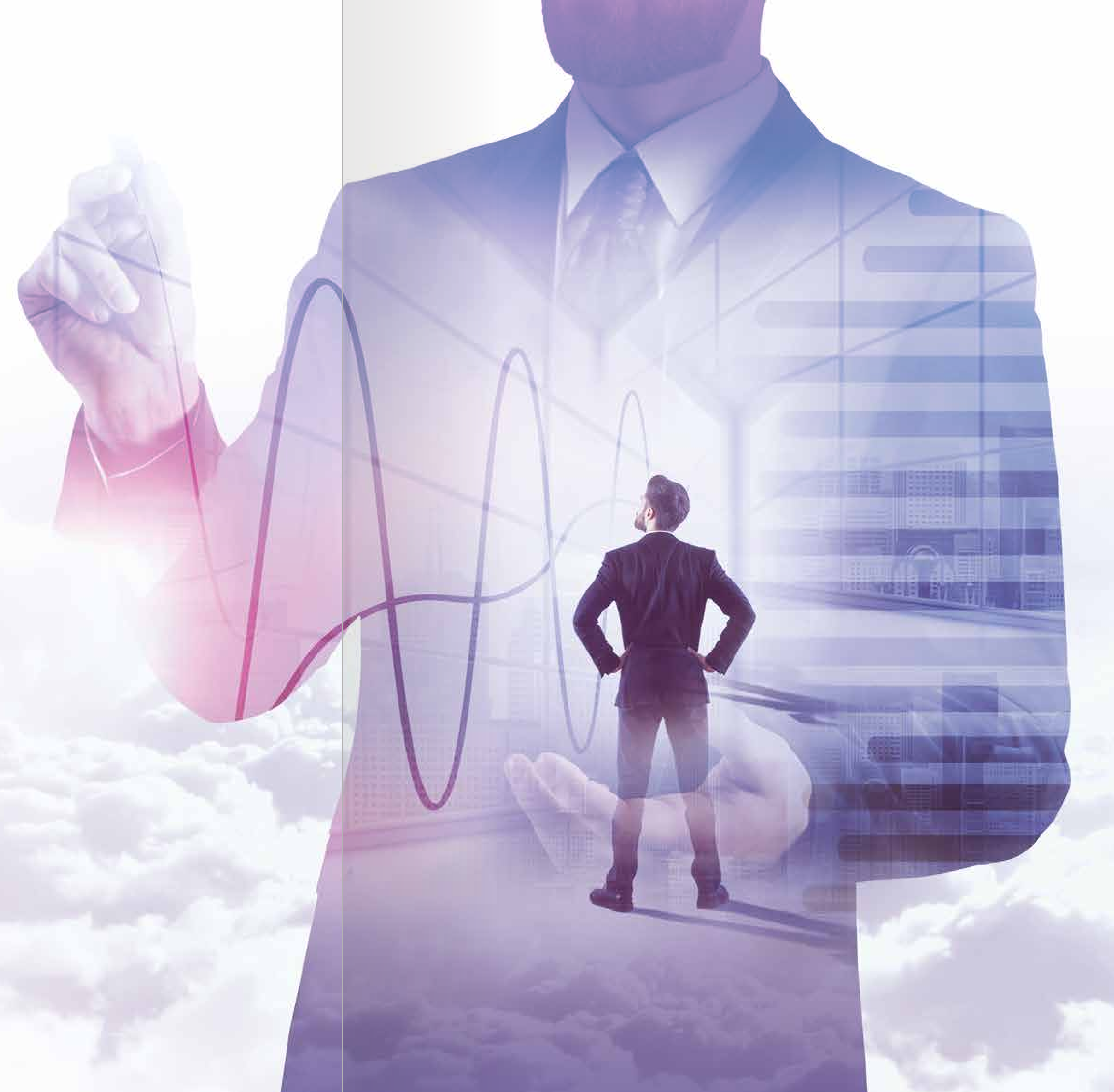
Annual Report 2019

gadoon

contents

where possibility thrives

Organizational Overview and External Environment



company information

Board of Directors
Mr. Muhammad Yunus Tabba (Chairman)
Mr. Muhammad Sohail Tabba (Chief Executive Officer)
Mr. Muhammad Ali Tabba
Mr. Jawed Yunus Tabba
Ms. Zulekha Tabba Maskatiya
Mr. Saleem Zamindar (Independent Director)
Mr. Zafar Masud (Independent Director)

Audit Committee
Mr. Saleem Zamindar (Chairman)
Mr. Zafar Masud
Mr. Muhammad Ali Tabba
Mr. Jawed Yunus Tabba

HR and Remuneration Committee
Mr. Saleem Zamindar (Chairman)
Mr. Jawed Yunus Tabba
Ms. Zulekha Tabba Maskatiya

Budget Committee
Mr. Zafar Masud (Chairman)
Mr. Muhammad Ali Tabba
Mr. Muhammad Sohail Tabba
Mr. Jawed Yunus Tabba

Executive Director Finance and Company Secretary
Mr. Abdul Sattar Abdullah

Chief Financial Officer
Mr. Muhammad Imran Moten

Chief Internal Auditor
Mr. Haji Muhammad Mundia

Auditors
Deloitte Yousuf Adil
Chartered Accountants
A Member of Deloitte Touche Tohmatsu

Registered Office
200-201, Gadoon Amazai Industrial Estate,
Distt. Swabi, Khyber Pakhtunkhwa.
Phone: 093-8270212-13
Fax: 093-8270311
E-mail: secretary@gadoontextile.com

Head Office
7-A, Muhammad Ali Society, Abdul Aziz Haji Hashim
Tabba Street, Karachi 75350.
Phone: 021-35205479-80
Fax: 021-34382436

Liaison Office
Syed's Tower, Third Floor, Opposite Custom House,
Jamrud Road, Peshawar.
Phone: 091-5701496
Fax: 091-5702029
E-mail: secretary@gadoontextile.com

Factory Locations
- 200-201, Gadoon Amazai Industrial Estate, Distt. Swabi, Khyber Pakhtunkhwa.
- 57 K.M on Super Highway, near Karachi.

Bankers
Allied Bank Limited
Askari Bank Limited
Bank Al-Falah Limited
Bank Al-Habib Limited
Bank Islami Pakistan Limited
Dubai Islamic Bank Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Soneri Bank Limited
Standard Chartered Bank Pakistan Limited
The Bank of Punjab
The Bank of Khyber
United Bank Limited

E-Communication
Website: www.gadoontextile.com
Facebook: www.facebook.com/Gadoontextile
Linkedin:https://www.linkedin.com/company/gadoontextilemillslimited

Share Registrar / Transfer Agent
CDC Share Registrar Services Limited
CDC House 99-B, Block B, S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi.
Toll-Free: 0800 23275

gadoon at a glance

We at Gadoon Textile Mills Limited (GTML) are primarily engaged in the textile industry of Pakistan, the fiber spinning and knitting sector markedly. The Company operates in the B2B segment of the industry and its production facilities comprise of spinning and processing all categories of cotton and manmade fiber including knitting home textile and jersey. Our customer's portfolio includes a portion of the greatest names in the textile business of Pakistan and abroad. We appreciate connections that have been fashioned, kept up and reinforced amid the previous thirty-one years.

To provide an alternative source of employment and to eradicate the poppy cultivation prevalent in the Gadoon Amazai area of District Swabi, Khyber Pakhtunkhwa; the Government, in the late 80's, invited the private sector to set up industrial units in the region.

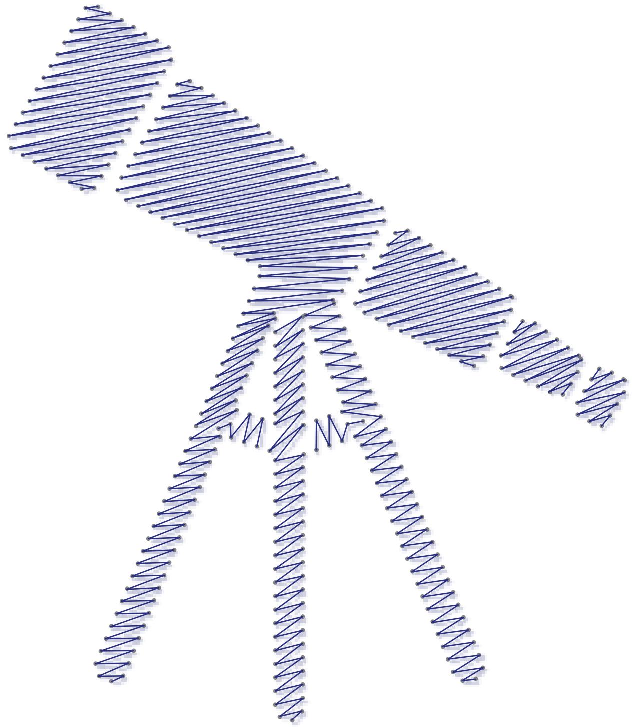
The Yunus Brothers Group (YBG) considered this as its corporate social responsibility to join hands with the Government in this noble cause and setup GTML. Despite the fact that the Government unilaterally withdrew the incentive in 1991 that it offered for setting up industrial units, the management of GTML decided to continue its operations and further strive to achieve its goals. It is the timeless effort of GTML that made it **"one of the largest spinning unit of Pakistan"**.

Following are some of the products that we manufacture:
- Compact Yarn
- Murata Jet Spun Yarn
- Core Spun Yarn
- 100% Grey Cotton Ring Spun Yarn
- Man-Made / Blended Yarn
- Poly / Cotton Yarn
- Murata Vortex Spun Yarn
- Open-End Yarn
- Siro Yarn
- Lycra Yarn
- Slub Yarn
- Slub Core Spun Yarn
- Compact Core Spun Yarn
- Double Compact Spun Yarn on Ring Machine (Without Doubling)
- Ring Spun / Compact Spun Double Yarn on Doubling Machine

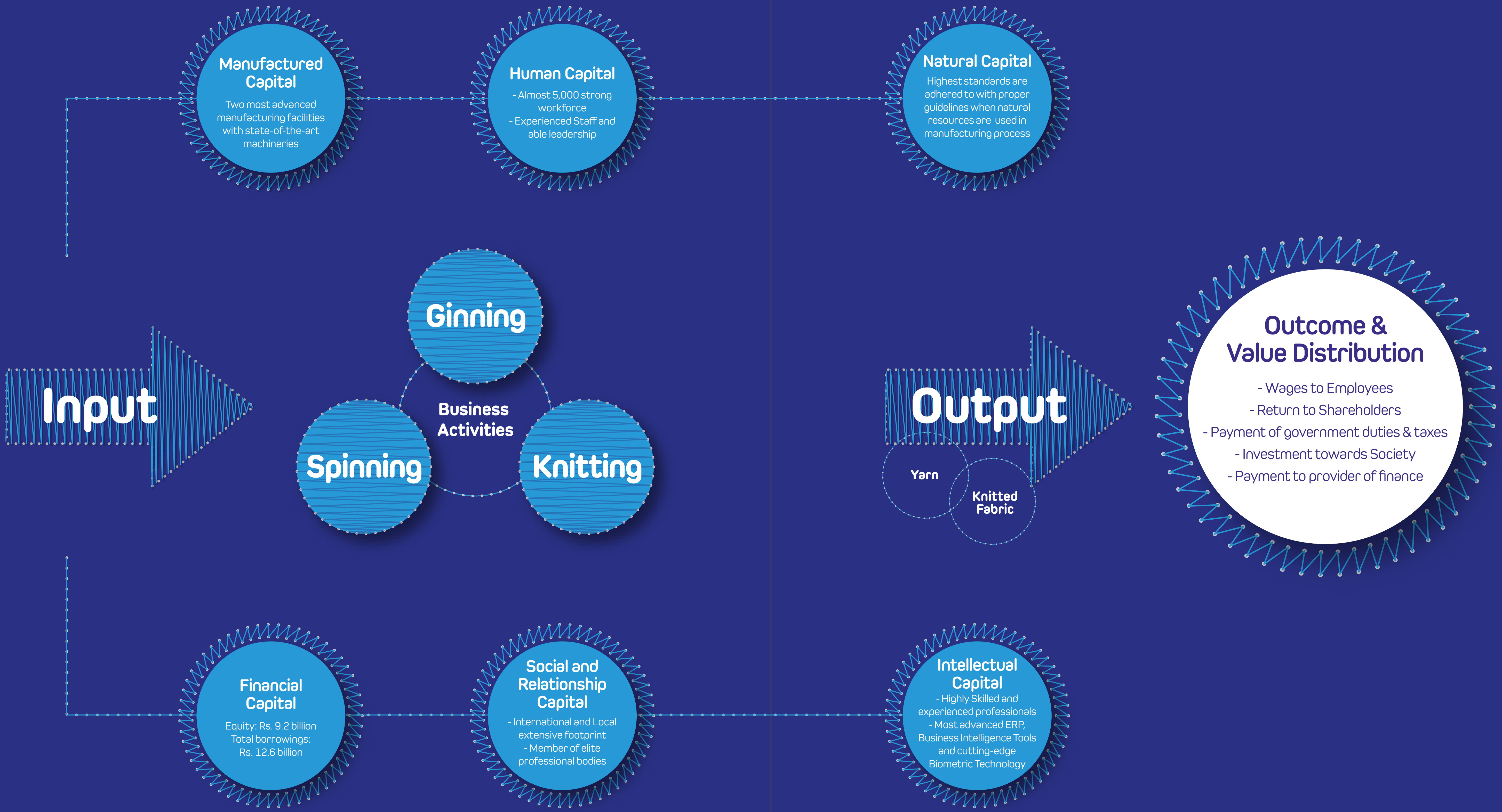
Brands
Koyal and peach are two of our brands having significant prominence in the market.

Knitted Fabric
- Grey and Dyed Fabric
- Knitted Fitted Sheet / Comforter

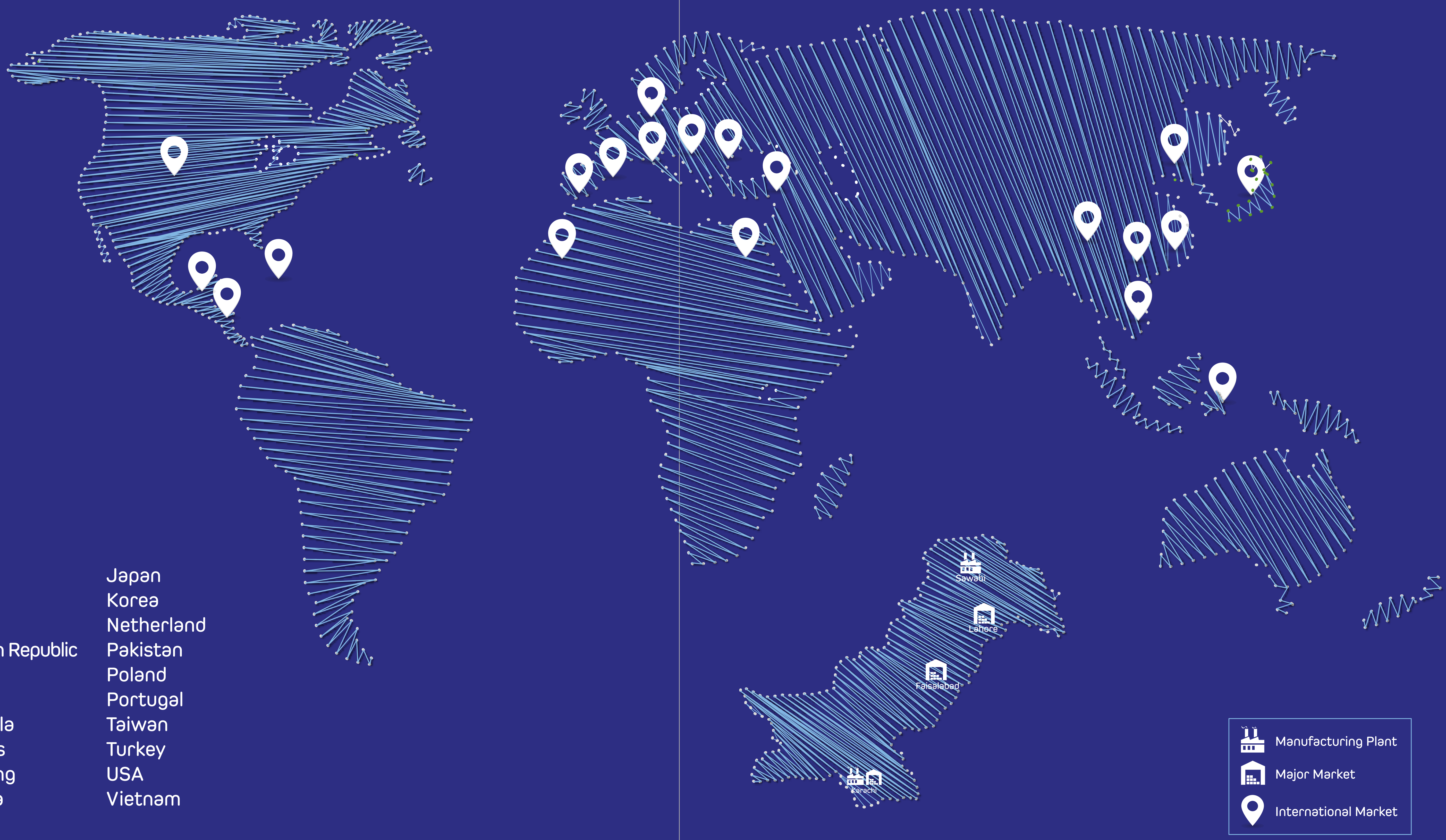
Dairy Segment
In addition to the textile sector, the Company has also invested in the Dairy segment, which has started its commercial production on June 30, 2019.



business model



geographical spread



Belgium
China
Croatia
Dominican Republic
Egypt
Germany
Guatemala
Honduras
Hong Kong
Indonesia
Italy
Japan
Korea
Netherland
Pakistan
Poland
Portugal
Taiwan
Turkey
USA
Vietnam

our vision, mission, culture and core values

Vision
To be the textile manufacturer of the first choice for customers at home and abroad, doggedly pursuing sustained leadership in the markets where it competes and making its valuable contribution to the country's exports.

Mission
Our mission is to manage a textile business entity aimed at producing quality yarns through innovative technology and effective resource management, maintaining high ethical and professional standards and coming up to the expectations of all our customers.

We persevere to achieve the highest possible operating efficiencies and lowest costs and expand the business through selective expansion so that we are able to deliver maximum value to stakeholders.

Culture
GTML embraces a culture which is driven by a people-oriented approach and empowers a collaborative environment for employees. The management is committed to promoting coherent culture, facilitating effective teamwork at workplace thus our strong belief in cultivating open-communication is reflected in all that we do. Frequent feedback and performance evaluation on the various level is ensured to sustain equity and transparency of employees, which supplement mutual trust and respect among employees and with management.

Core Values
- Total Quality Management
- Ethical Practices
- Environmentally Conscious
- Innovation

code of business conduct and ethical principles

Statement of Intent

The Company ensures that ethical standards are highly maintained and observed in the conducting of business functions. The Code of Conduct Policy has been devised to provide direction to the Company employees in meeting the standards of professional and personal integrity and guiding them towards the proficient conduct. The Human Resource department serves its purpose in ensuring that the employees are well aware of the guidelines. Following are the salient features of Code of Conduct:

Compliance with the Law and Regulations

It is compulsory for all employees to ensure compliance with all laws and regulations. Employees are also encouraged to ensure that the rights of all stakeholders are protected.

Corruption

It has been regulated that the Company will not be involved in any unkind practice and will continue to conduct its business operations in an honest, open and ethical manner. GTML further commits to conducting the business in a fair manner by abstaining from bribery or corruption for the means of securing business advantage.

Money Laundering

GTML regulates that the employees commit to the anti-money laundering laws. Moreover, the Company prohibits any such business activity which involves people of criminal background and are engaged in illegal activities.

Quality Assurance

The quality is the utmost priority. The Company is committed to discovering, developing, manufacturing high-quality products without compromising on the contractual or agreed quality of the product.

Confidentiality

In order to retain the privacy of the confidential information, the management of the Company ensures that the person entrusted with such information may not disclose it to any third party or make use of it for personal benefits. The disclosure of confidential data is permissible when there is written approval from authorized individuals or the information is required by the court, regulatory body or governmental agency.

Property Protection

The Company ensures that the employee abides by the laws of not getting involved in any unauthorized use or misappropriation of its property or services and it is being instructed to use GTML's property responsibly.

Non-Discrimination

The Company believes in creating a propitious working environment which is free from discrimination for employees. The Company also ensure that employees remain motivated and productive through the provision of equal growth opportunity.

Health, Safety and Environment

GTML is focused to deliver occupational health, safety and environmental protection. Considering this, the Company observes an efficient use of natural resources and reduces the environmental impact of the Company operations.

Conflict of Interest

As per GTML policy, the employees are not allowed to get involved in any activity that conflicts with the Company's business interest. It is not permissible for people to make unfair use of their designation for the sake of achieving personal benefits, thus, the appearance of such a conflict must be avoided.

group structure

YBG

About YBG

YBG is one of the biggest conglomerates in Pakistan with diversified interests in textiles, building materials, real estate, power generation, chemicals, pharmaceuticals, food and automotive. The group was established in 1962 as a trading house and then grew rapidly over the years. Currently, YBG is one of the largest export houses in Pakistan.

YB HOLDINGS

YB Holdings (Private) Limited (YBHPL)

YBHPL was incorporated in Pakistan in the year 2013 as a Group Holding Company. The Company invests mainly in its group companies and has a diverse portfolio in building materials, textiles, energy, chemical, trading, food and real estate.

Aziz Tabba Foundation

Aziz Tabba Foundation (ATF)

ATF is a not-for-profit organization, established in 1987. It is a platform of social activities dedicated to serving humanity in several vital areas of life. The Foundation renders its services to fulfill the need of underprivileged people by providing them shelter, education, marriage, health care, vocational training program, laptop support, equipment support, monthly aid, self-employment scheme (motorcycle) and Ramadan ration support to bring prosperity and change to uplift the living standard of society. The foundation has successfully introduced Rickshaw support under self-employment scheme. The Foundation has also placed tube well and conduct water boring through drilling aims to ensure smooth water boring supply in underprivileged areas of Karachi which are facing scarcity of water.

gadoon Holdings (Private) Limited

Gadoon Holdings (Private) Limited (GHPL)

GHPL is a wholly owned subsidiary of GTML and was incorporated in Pakistan in the year 2018 as a private limited company under the Companies Act, 2017. The Company acts as an investing company to hold investments. As of June 30, 2019; GHPL held 0.73% shares in ICI Pakistan Limited.

ICI PAKISTAN

ICI Pakistan Limited (ICIP)

ICIP is incorporated in Pakistan and is listed on Pakistan Stock Exchange Limited (PSX). The Company is engaged in the manufacturing of polyester staple fiber, POY Chips, soda ash, specialty chemicals, sodium bicarbonate, and polyurethanes; marketing of seeds, toll manufactured and imported pharmaceuticals and animal health products; and merchandising of general chemicals. It also acts as an indenting agent and toll manufacturer. ICIP also has investments in the business of manufacturing and sales of pharmaceutical products and infant milk powder.

Kia Lucky Motors Pakistan Limited (KLM)

KLM was incorporated in Pakistan in December 2016 as a public unlisted company. The objective of the company is to carry out the business of assembling, marketing, distribution and sales of Kia vehicles, parts and accessories in Pakistan in collaboration with Kia Motors Corporation, South Korea. KLM was awarded with category "A" greenfield investment status in June 2017 by the Ministry of Industries and Production and is the first company to get such status under Automotive Development Policy 2016 – 2021.

KLM started construction of the project in November 2017 and also signed a New Entrant Agreement with

Ministry of Industries & Production under the Automotive Development Policy 2016-2021 in December 2017. It commenced CKD operations within the originally envisaged project timelines. KLM's state of the art facility has the capacity to produce 50,000 vehicles per annum on a double shift basis. The booking of "SPORTAGE" an SUV being KLM's first model started on 30th June 2019 and delivery thereof will start from the end of July 2019. The booking of "PICANTO" hatchback being KLM's second model is expected to start in August 2019 and delivery thereof from October 2019.

Lucky Air (Private) Limited (LAPL)

LAPL is a subsidiary of Lucky Cement Limited and was incorporated in Pakistan in the year 2012 as a private company limited by shares under the Companies Ordinance, 1984. The Company operates an Aircraft of Lucky Cement Limited and provides services of aircraft crew, aircraft administration, management, fuel and technical and engineering services on inbound and outbound flights of the Aircraft for Lucky Cement Limited.

Lucky Cement Limited (LCL)

Founded in 1993, Lucky Cement Limited stands as the flagship company of YBG. LCL is one of the largest producers and leading exporters of quality cement in Pakistan and is listed on the PSX. The Company has also issued Global Depository Receipts (GDRs), listed and traded on the Professional Securities Market of the London Stock Exchange and the first Shariah Compliant Company of Pakistan certified by the SECP.

Over the years, the Company has grown substantially and is expanding its business operations with production facilities at strategic locations in Karachi to cater to the Southern regions and Pezu, Khyber Pakhtunkhwa to furnish the Northern areas of the Country. Lucky Cement is Pakistan's first Company to export sizeable quantities of loose cement being the only cement manufacturer to have its own loading and storage terminal at Karachi Port.

LCL strives to remain an efficient and low cost producer and is one of the pioneers to introduce and install Waste Heat Recovery and Refuse Derived Fuel (RDF) and Tyre Derived Fuel (TDF) Plants in Pakistan. It also has self-sufficient Captive power generation facility of 180 MW and supplies additionally generated electricity to support the National grid. LCL owns a fleet of Bulkers and Trailers, which gives added advantage in terms of logistics and efficient deliveries to all types of costumers spread across the length and breadth of the Country.

Lucky Commodities(Private) Limited (LCPL)

LCPL is the largest South African coal supplier in Pakistan, a trading arm of the YBG, founded on three core values; integrity, quality, and reliability aim to provide exceptional customer service with utmost dedication and efficiency. These key values have served well in maintaining long-standing client relationships.

Lucky Electric Power Company Limited (LEPCL)

LEPCL is formed as an IPP under Government of Pakistan Power policy. The company is wholly owned by LCL Holdings Limited and is in the process of setting up 660 MW Super Critical Power Project on Port Qasim using Thar Lignite. The company has achieved financial close of the project on June 25, 2018, after fulfilling all the necessary conditions and accordingly, Private Power & Infrastructure Board (PPIB) has issued the necessary guarantee from the Government of Pakistan under the Implementation Agreement. The target date for Commercial Operations is March 01, 2021.

Lucky Energy (Private) Limited (LEPL)

LEPL is a Captive Power Producer (CPP) under the National Electric Power Regulatory Authority (NEPRA) incorporated in July 1993. LEPL, is a gas-based thermal power generation unit, with a total production capacity of 56.575 MW. It is equipped with one of the most sophisticated and highly-efficient generators and supplies uninterruptible power to its group companies.

Lucky Foods (Private) Limited (LFPL)

Incorporated in 2015, LFPL has a strategic aim to be one of the leading corporate dairy farms in Pakistan. The company is currently focusing on local animals and has also developed its retail shops and home delivery network to reach household consumers.

The company has also ventured into the marketing of yogurt and plans to add more value-added dairy products. The farm is located at Super Highway, Karachi. LFPL aims to be a leading player in food-related products, across Pakistan and in the export market.

Lucky Holdings Limited (LHL)

LHL is a subsidiary of LCL and was incorporated in Pakistan in the year 2012 as a public unlisted Company limited by shares under the Companies Ordinance, 1984. LCL holds 75% shares of LHL. The main source of earning of LHL is the royalty income received from ICIP.

Lucky Knits (Private) Limited (LKL)

Established in 2004, LKL has become one of the leading value-added fashion garment company of Pakistan. The company is involved in the manufacturing and exports of knitted apparel and product line ranges from T-shirts, polo shirts, hoodies, jackets, shorts & trousers, having a large variety of styles in casual and sportswear. State of the art vertically integrated manufacturing facility helps to achieve efficiency at every stage of the process and ensure customer satisfaction in terms of value, quality, and delivery of products.

Lucky Landmark (Private) Limited (LLPL)

LLPL owns the Lucky One Mall which is a magnificent, multifaceted, first-of-its-kind regional shopping mall that has revolutionized the shopping experience in Pakistan. The Mall is home to over 200 stores and different services with the largest parking structure in Pakistan of more than 1,500 parking spaces. It also includes largest indoor theme park in Pakistan known as Onederland, largest Food Court in Pakistan and the only Food Street of any mall plus a three-story Atrium, a ramp for fashion shows, banking enclave, and a large area for musical concerts.

Lucky Textile Mills Limited (LTML)

LTML was established in 1983 and has since remained one of the leading textile manufacturers in the country to-date. The Company is engaged in the activity of manufacturing and export of fabrics, home textile, and garments.

It has two state-of-the-art weaving mills that have altogether 495 Sulzer Shuttle-less looms and 336 Air Jet looms which are equipped with a computerized back process comprising of Karlmayer warping and sizing machines. It has the capacity to process 72 million meters of fabric per annum. Moreover, LTML has its own power generation facility of 6 MW.

The stitching division is equipped with sophisticated high tech machines that can stitch fabrics and transform them into home textile as well as apparel products with a high degree of precision. Stitching machines including Juki, Brother, Kansai, and automated Texpa plant.

LuckyOne (Private) Limited (LOPL)

LOPL is a project company which has constructed Lucky One Mall and Lucky One Apartments. Lucky One Apartments is a magnificent, multifaceted, first-of-its-kind hi-end residential complex that will revolutionize the luxury living experience in Pakistan. Lucky One Apartments integrates 7 elegant residential towers and a large 8 - acre Rooftop Park. The project comprises of two phases of which Phase -1 is being launched.

Conveniently situated at the prime location of Karachi on main Rashid Minhas Road, opposite UBL Sports Complex, the apartments are easily accessible through major Flyovers of Karachi. The unbeatable mix of top-class luxury apartments and hi-end amenities like Swimming Pool, Gymnasium, Jogging Track, Tennis Courts, Reading Room, Event Hall, Play areas and the amazing 8 - acre Rooftop Park make Lucky One Apartments the premiere lifestyle destination for urban living in Karachi.

Tabba Heart Institute

Tabba Heart Institute (THI)

Since opening its doors in 2005, THI has become one of the fastest-growing not for profit private sector cardiac hospital in Pakistan. At THI, the focus is to provide outstanding patient care with an ethical, thoughtful and sustainable approach at all time.

Founded by Mr. Abdul Razzak Tabba (late) with the vision of "Quality Care at an Affordable Cost", today THI is 170 beds cardiac facility with 2 Outreach centers and 6 collection units located across Karachi to provide our Founder's vision to the people of Pakistan. THI's Quality cardiac care services are recognized by American College of Cardiology and our group of cardiologists are leaders in sub-specialized cardiology fields such as Cardiac Imaging, Electrophysiology, Advanced Heart Failure, Structural Heart and Valvular Implantations, Angioplasty and other Interventional Procedures. Having these leaders on board allows the organization to deliver the best cardiac services at affordable cost which is at par with international standards fortified by the association with the American College of Cardiology for continuous improvement.

This year THI will be expanding its services to Hyderabad, with a dedicated Diagnostic and Consultation facility. It continuously strives to innovate and expand the resources for maximum utilization where it is required ensuring both quality and integrity being up to the patients' expectations.

Tabba Kidney Institute

Tabba Kidney Institute (TKI)

Formerly known as Aziz Tabba Kidney Centre, TKI, a well-reputed Post Graduate Training & Research Center with state-of-the-art technology and modern expertise, is committed to providing comprehensive Nephro-Urological and allied medical treatment under one roof; it enjoys an impeccable image in the healthcare sector famous for the cure of kidney-related diseases.

This Institute runs a 100-bed modern hospital extending Rapid Emergency, In-Patient Department, Consultant Clinics/OPD, Clinical Laboratory, Pharmacy, High-Tech Operation theaters equipped with the latest equipment like Flexible Ureterorenoscope, 3D Laparoscopic and 140-watt Laser and 4K Camera technology. The unmatched quality services of TKI has been certified by the International Organization for Standardization (ISO) and accredited also by the College of Physicians and Surgeons Pakistan. TKI, being more than a hospital, gains excellence in surgical researches and has developed itself a staggering educational Institute. To facilitate patients' access to our exquisite healthcare services, TKI has set-up a Diagnostic & Consultation Centre in DHA Karachi and to spreading its services to the patients across Sindh it also has opened a standalone Outreach Center in Hyderabad city which has received overwhelmed response since its inauguration.

YB

Y.B. Pakistan Limited (YBPL)

Yunus brothers started a business in 1962 as a partnership by Mr. Abdul Razzak Tabba (Late) and Mr. Yunus Tabba. Initially, trading of grey cloth was the main business. However, with the time the firm started dealing in other commodity items e.g. wheat, rice, corn, and other pulse items. In order to encourage corporate culture, the management decided in 2012 to convert the partnership firm into a public limited company with name and style of YBPL. The company has a diversified portfolio of investment in various segment of businesses.

Yunus Energy Ltd.

Yunus Energy Limited (YEL)

Yunus Energy Limited (YEL) was incorporated as a Special Purpose Vehicle (SPV), with a corporate structure of a public unlisted company, in the year 2011, to exclusively develop a 50 MW Wind Power Project in Deh Kohistan, Jhimpir, District Thatta.

Project is equipped with state-of-the-art European technology. Wind Turbine Generators (WTGs) have been manufactured by Nordex Energy Germany, one of the top WTG manufacturers from Europe; electrical balance of plants has been supplied by Alstom France, a leading grid solution provider; whereas construction activities have been carried out by Descon Engineering Limited, the biggest construction and engineering company of Pakistan.

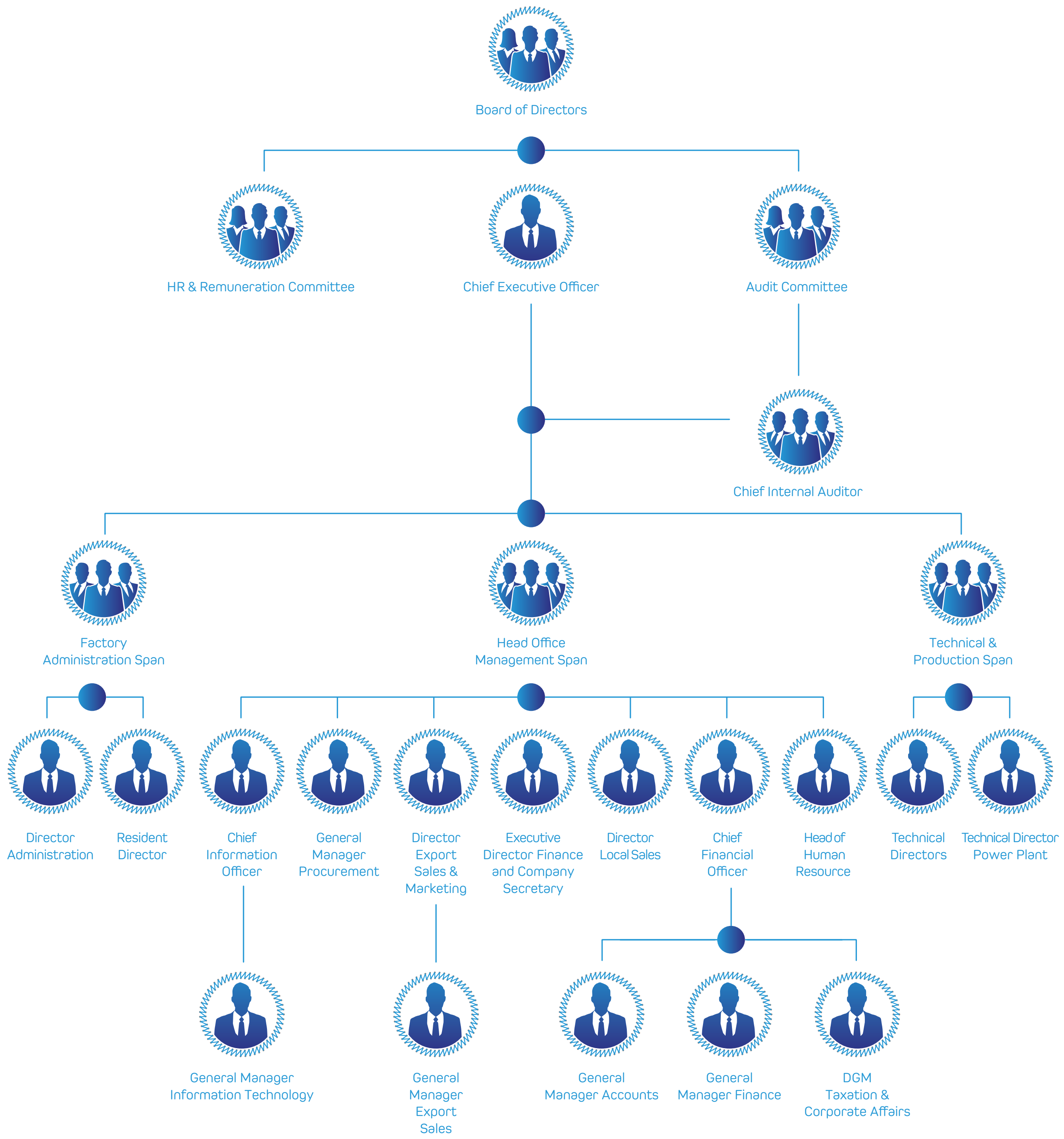
It is a clean energy project, harnessing the renewable wind resource for the generation of electric power without any carbon emissions. The project is supplying electricity to the national grid on a regular basis post commencing commercial operations in September 2016.

YUNUS TEXTILES FOR LIFE

Yunus Textile Mills Limited (YTML)

YTML is a vertically integrated home textile unit established in 1998, consisting of spinning, weaving, printing, dyeing, finishing and cut & sews with a workforce of 3,400 employees. In a span of 10 years, it became the no. 1 home textile exporter of Pakistan with almost 10% share of all home textiles exported. The company has its international warehousing, distribution, and design development offices in the USA, UK, and France.

organizational chart

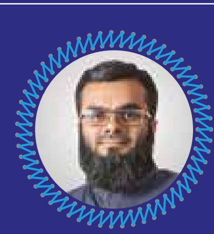


senior management

Head Office

Mr. Muhammad Sohail Tabba
Chief Executive Officer

Mr. Abdul Sattar Abdullah
Executive Director Finance and Company Secretary



Mr. Imroz Iqbal
Director Export Sales and Marketing

Mr. Muhammad Imran Moten
Chief Financial Officer

Mr. Salam Chottani
Director Local Sales

Mr. Haji Muhammad Mundia
Chief Internal Auditor

Gadoon Amazai Plant

Mr. Vaqar Ahmed Khan
Director Administration

Mr. Iftikhar Ahmed
Director Technical

Mr. Mohammad Nadeem Riaz
Director Technical

Mr. Shafqat Mumtaz Ahmed
Director Technical

Mr. Hafiz Waseem
Director Technical

Mr. Asad Ansari
Director Technical Power Plant

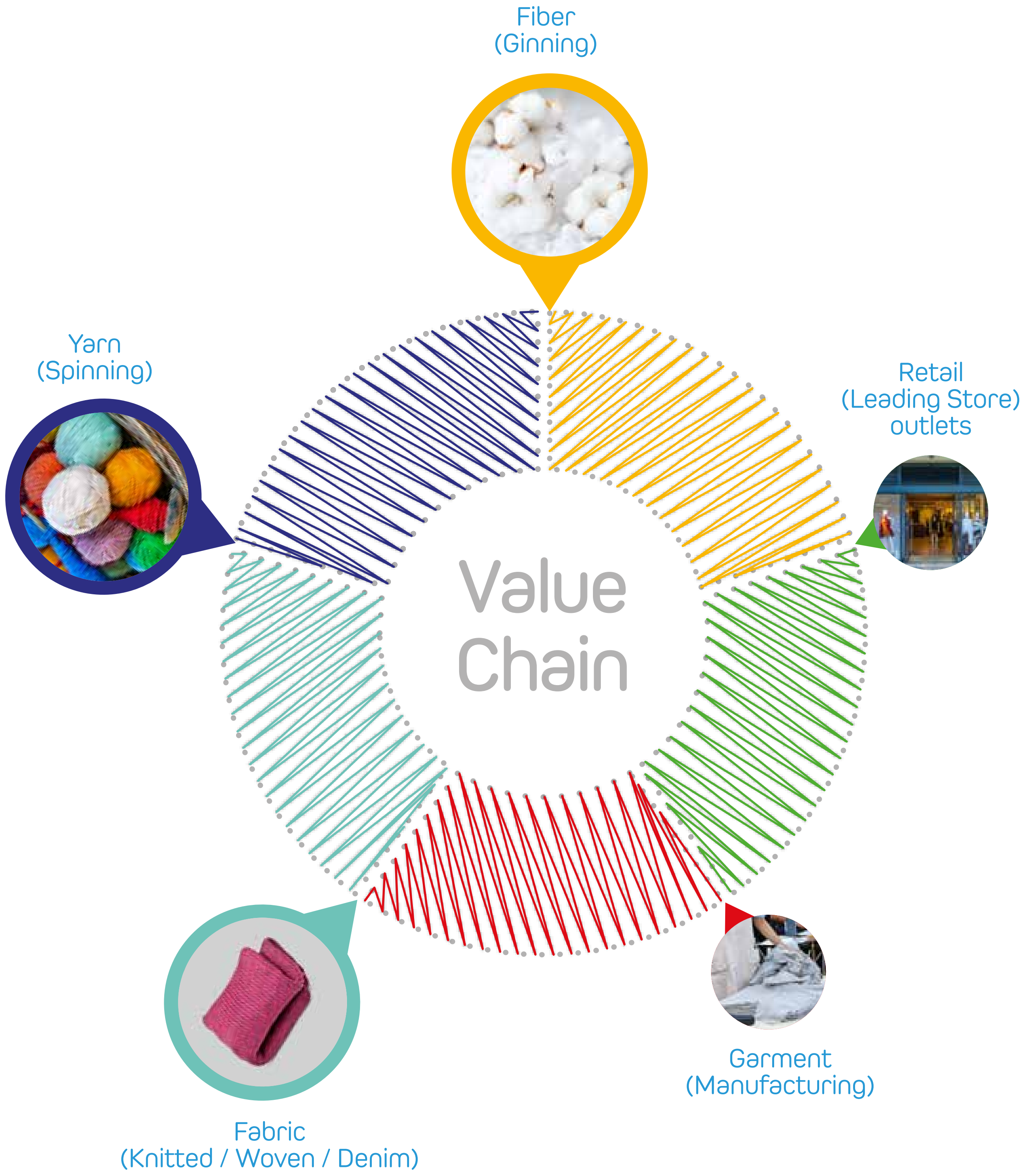
Karachi Plant

Mr. Tahir Saleem
Executive Director Technical

Mr. Akhtar Kamdar
Resident Director

The Key Quantitative Information i.e. the number of employees employed on the date of financial statements and an average number of employees along with the number of factory employees has been disclosed in the note 36 and note 37 of the Unconsolidated and Consolidated financial statements respectively.

position in the value chain



significant factors affecting the external environment

Organizations are affected directly or indirectly by the external environment in which they operate because it is stated with certitude that it is not possible for companies to work in a vacuum or in insolation with its surroundings. The different elements of the external environment are discussed as under:

PESTLE Analysis

External Component	Description	Organizational Response
Political	Stable political conditions are impediment for the growth of any Economy. Frequent changes in government policies affect the confidence level of the investors and accordingly business on overall suffers.	- Consistent market analysis by the senior management and proactive planning to mitigate any unfavorable outcome on the company's business. - Arranging session with investors / stakeholders to boost their confidence.
Economic	Economic conditions have a direct impact on the Company's performance. An adverse moment in exchange rate, interest rates, inflation rate, etc. negatively impact the business of the company.	Company actively monitors the economic factors and take steps to minimize their negative impact. Some of the steps taken during the past couple of years are: • Conversion of foreign currency-denominated borrowings into local borrowings owing to possible devaluation of currency. • Efficient cotton procurement. • Investment in diversified avenues.
Social	Being socially responsible is yet another immense factor of critical importance that adds on to the performance levels of the Company. The organizations involved in playing an active role in the betterment of society earn a name in the market and accordingly, tend to attract and retain their customers, employees and other stakeholders.	The Company not only participates diligently in the CSR activities but also encourages its employees to devote their time for the betterment and well-being of the society. In this respect, different activities are planned each year.
Technological	Technological developments and innovation determine the progression of an organization.	- In order to gain competitive advantage, the Company on a regular basis invests significant amounts on new technological advanced machineries, which is evident from Rs. 2.8 billion CAPEX in this year also. - The Company also ensure participation of its senior management in various national / international exhibition / training session, to acquaint them with the latest technology.
Legal	Compliance with Legal / Regulatory requirement is necessary for the Company's smooth operations.	In addition to its professional team, the Company also hire the services of lawyer / tax expert, on a need basis, in order to ensure compliance with all legal / regulatory requirements.
Environmental	Company activities have an impact on the environment in which they operate. With the rise in importance of Corporate Responsibility, the environmental factors are becoming increasingly important for the growth of the Company.	The Company in addition to ensure compliance with applicable environmental laws and regulations, also take additional steps on a regular basis. Few instances are: • Successfully installed Waste Heat Recovery Plant (WHRP). The plant operates by transforming the heat and smoke of the engine into the power that is used for further processes. • Tree Plantation in the factory premise for limiting the emission of harmful gases in the atmosphere.

Market Forces

The Porter's five forces model has been used to analyze the industry structure and the corporate strategy of GTML for further measuring the competition intensity, attractiveness and profitability of the textile industry.

Forces	Description
Threat of New Entry	The threat of new competitors is low mainly on account of following barriers: - Huge Capital Expenditure required - Inconsistent Government Policies - Energy Crisis
Threat of Substitution	The threat of substitute is low to medium because of the limited options available in the market for the consumers to fulfill their needs, mainly because of lack of investment in R&D.
Supplier Power	The bargaining power of suppliers is low on account of a large number of suppliers of raw cotton in the domestic market, having almost the same quality. Further, many of the companies also import large quantity of cotton on account of perception of better quality, thus weakening the bargaining power of local suppliers.
Buyer Power	Bargaining power of customers is categorized to be high due to emerging trends, buyers demand new collections / variety, which Company has to adhere to on a timely basis. The negligible switching cost to customers also empowers their bargaining power.
Competitive Rivalry	The level of competition of the export market of the Textile industry is high because of the competition from countries like India and Bangladesh, mainly on account of economies of scale and subsidized conversion cost. Pakistani manufacturers need to work on cost reduction techniques to sustain in this competitive edge.

Seasonality of Business

Company's significant business is manufacturing and sale of yarn. The marketing team performs regular trend analysis to pursue upcoming demand well before regional and international festivals. Also the business gets slow down during the vacation in China on account of Chinese New Year.

Significant Changes from Prior Years

There is no significant change in the organization regarding principal activities, products and services, ownership including its vision, mission, culture and core values.

However, the Company has continued its plan to diversify and expand its business by entering into new market segments. Keeping in view, the growing demand and the purchasing power of the target market, the Company has ventured in the Dairy segment which has started commercial production on June 30, 2019. This new business venture is a mere opportunity to explore new avenues of business, garner the maximum potential of this market and to generate higher returns.

Composition of Local and Imported Material / Sensitivity Analysis

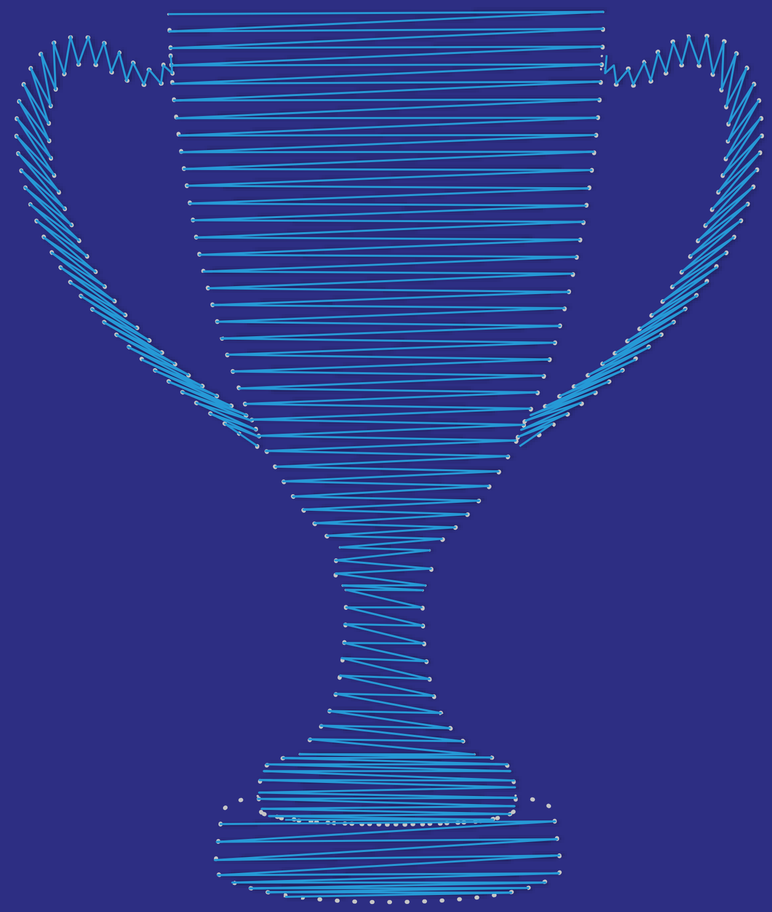
Being the yarn manufacturer, the Company's main raw material is Raw Cotton. Following is the Composition of Raw Material purchased during the year:

	Imported		Local		Total	
For the Year	KG (in '000)	Amount (in '000)	KG (in '000)	Amount (in '000)	KG (in '000)	Amount (in '000)
2019	49,741	13,367,880	38,022	8,101,037	87,763	21,468,917
2018	58,378	12,630,500	45,700	7,241,831	104,078	19,872,331

The Company is exposed to foreign currency fluctuation for its imported raw material. If the Pakistani Rupee had weakened/strengthened by 10% against the US Dollars, Euros and Swiss Franc with all variables held constant, the raw material cost for the year would have been lower / higher by Rs. 1.34 billion (2018: 1.26 billion). This analysis assumes that all other variables, in particular, interest rates remain constant.

awards and achievements

- Top 25 Companies for the Year Award
- Top Exporter (Foreign Exchange Earner) of the Province
- Top Importer of the Province
- Top Income Tax Payer of the Province
- Best Consumer Award
- Businessman of the Year Gold Medal Award
- Business Excellence Award 2016 - 2017
- ACCA and ICAEW Approved Employer Status
- ICAP's Outside Practice Scheme's Enrollment
- Awarded with Best Corporate Report Award 2015 to 2018
- Secured First Place in National Finance Olympiad (NFO) 2016 organized by ICAP



where strategy thrives

Strategy and Resource Allocation

strategy and resource allocation

The foundation of planning of an organization lies upon the identifiable goals towards which all organizational activities are directed. Objectives serve the basis of managerial functions and organizational existence of any organization. GTML devises challenging objectives for attaining profitable results and gaining a competitive advantage in the market. The strategic and management objectives are an integral part of a business that plays a pivotal role in the success of the organization. The objectives of GTML are mentioned below.

Strategic Objectives

- To further reinforce our strengths and deliver maximum utility to our stakeholders, by investing in diversified businesses and aiming to explore the untapped markets.
- To acquire and implement innovative technology and techniques in order to enhance the overall productivity of the company.
- To maintain high ethical and professional standards and provide a healthy working environment for our employees.
- To promote awareness and encourage the best customs to support environmental sustainability.
- To contribute effectively as a corporate entity and play a vital role in flourishing the country's economy.

Management Objectives

Objective 1

Sales Maximization and Global Footprint

Strategy: Maximize sales by exploring and entering new markets, hence increasing the global footprint of the Company.

Priority: High

Timeline: Short term

Status: Ongoing Process

Opportunities / Threats: Increased globalization, coupled with Government's foreign policies (GSP+, etc.) status given to Pakistan has supported the industry in retention and further penetration in the market. However, its withdrawal seems to be a threat for the local companies in the prevailing situation where the government of regional competitors incentivizes local manufacturers. Further, the trade war between global trade giants, is also negatively impacting the economy. This poses a further threat to the entire sector, as well as issues, distinctly related to power, tariff, incentive schemes, and increased conversion costs would impede progress in the long run if not dealt by the Government with high priority.

Resource allocation plan: In addition to the budget allocated for marketing to boost export sales (financial capital) and to explore new markets, the management is placing efforts to build a global image of the Company (social and relationship capital) and for these reasons, various activities are being planned for the coming year too. The company, being a member of various forums/associations like APTMA, Sarhad Chambers also attends Investment conferences and seminars both locally and globally, thus promoting its corporate image (social capital). In addition to ensure presence at various events/seminars, our 'Corporate and Branding Team' continuously monitors possible avenue and take active participation in them.

Objective 2

Diversify risks and provide maximum return to shareholders by identifying and investing in diversified businesses.

Strategy: Expand within and outside the spinning sector by continuously seeking for viable avenues.

Priority: High

Status: On-going process

Timeline: Medium term

Opportunities / Threats: Diversifying into new avenues of business is a strategic decision that comes with uncertain business outcomes, high costs both in terms of capital expenditure as well as human capital requirements. GTML regularly searches for opportunities to invest and diversify its investments and risks, thus ensuring maximum value for its shareholders.

Resource allocation plan: In order to achieve this objective, GTML has strong financial standing and has sufficient available limits (financial capital). In order to manage the investment in diversified projects, GTML has experienced management pool. The roles and responsibilities have also been appropriately assigned to a dedicated team responsible for managing investments and their competency level has been ensured.

Objective 3

Create and achieve overall business synergies by maintaining operational efficiencies.

Strategy: Constantly monitor the business processes and look for ways to make the overall process lean and efficient.

Priority: High

Timeline: Short term

Status: Ongoing process – Targets for the year achieved.

Opportunities / Threats: The Company strongly believes in the notion of continuous improvement and focuses on ways to improve overall efficiencies. Sometimes this requires the employment of unconventional practices where outcomes may be unfavorable.

Resource allocation plan: The Company keeps a significant focus on investment in the training and development of its staff and executives at various local and international levels. This helps staff and executives to improve their management and technical skills and to equip them with the latest production techniques to enhance overall efficiency and effectiveness (Human capital)

Objective 4

Sustain Industry leadership.

Strategy: Planned and regular up-gradation of production facilities; timely deployment of the latest technological innovations and manufacturing techniques to maximize overall efficiencies and production of a customer-centric product.

Priority: High

Timeline: Long term

Status: Ongoing process – Targets for the year achieved.

Opportunities / Threats: GTML plans to stay ahead of its' competitors, and help achieve economies of scale in the long run. Planned up-gradation helps the Company in ensuring minimum production downtime. However, the process of up-gradation and maintenance does result in high monetary costs initially.

Resource allocation plan: The Company in order to sustain industry leadership have been investing in technological advance machines (manufactured capital) and anticipates that in the coming years the Company will be able to rationalize its manpower (human capital), which will bring in further value addition to the Company. Further, the Company is also focusing on expanding its vertically integrated segment and expectedly the new site (manufactured capital) will become operational by first half of the year 2019 - 2020.

Liquidity Strategy

Current Liquidity Position

The liquidity position of the Company is on a solid foundation and it has an adequate capital structure mainly supported by equity.

	2019	2018
	Rupees in '000	
Equity	9,209,433	8,213,510
Long Term Finance	2,675,091	594,338

The Company stands on strong repayment legacy as the Company has never defaulted any payment against financial institutions, vendors, Government agencies, etc. and the management is confident that the Company would not face any liquidity issues in the future.

The Company has sufficient liquid resources in hand to meet its working capital requirement. The Company has managed to improve its current ratio over the years which is evident from an increase in current ratio from 0.82 in 2015 to 1.02 in 2019. This depicts the performance of the management in achieving the targets set by the board. The management ensures all necessary measures to manage the ratio at the optimum level.

The increase in Long term finance is mainly on account of CAPEX during the year. The principal repayment of Rs. 1.15 billion out of Rs. 2.68 billion appearing as long term finance as at June 30, 2019, will be due after 5 years.

Financing Arrangements
The Company has cordial business relations with all the reputed banks and financial institutions of the country. Adequate unutilized financing facilities are available at the Company's disposal. The Company has a sustainable growth with business stability. Moreover, the gearing of the Company has also been monitored and controlled in line with business objectives. The Company regularly monitors the debt-equity ratio to keep the Company from any excessive debt pressure.

Plans and Decisions
The company has from time to time diversified its business operation through expansion, restructuring including the merger. However, in the near future, there are no plans for any significant restructuring, business operations or discontinuance of operations.

Changes in Objectives and Strategies
The business objectives and strategies of the Company are developed through extensive research, planning and benchmark practices. The objectives and strategies have been designed in alignment with the vision statement of the Company. To measure the Company's performance against the stated objectives, Key Performance Indicators have been set, which are measured and regularly monitored by the management. There has been no material deviation from the targets' set to achieve the strategic objective during the year.

where wisdom thrives

Risk and Opportunities

risk and opportunity report

The management of the company follows the rigorous approach to risk management which is essential to running a successful and sustainable business. The board of directors of the company is closely connected to effective risk management. Risk assessment, reporting and control help to enhance governance and control policies, to keep the company aligned with its objectives.

Our board members have diversified skills, knowledge and experience which enable them to identify and manage the key risks that are likely to arise. They also steer the culture of an organization which promotes an appropriate balance between risk and opportunities.

Risks, Opportunities and Counter Measures

Potential Risks

Category of Risk	Risk	Source	Form of Capital	Assessment	Plans and Strategies to Mitigate Risk
Strategic Risk	Economic and Political stability of the country	External	Social and Relationship Capital / Financial Capital	Likelihood: Medium Magnitude: High	The Company believes in an open and transparent relationship with the Government, regulator and other political stakeholders. As part of the larger industry, Company through its representatives, provide valuable suggestions to the regulator / committees / sub committees. We regularly monitor the economic and legal impacts of Government policies and political actions on the Company as well as the textile industry.
	New Laws and Regulations	External	Social and Relationship Capital	Likelihood: Medium Magnitude: Medium	Legal and Corporate Department proactively monitors and ensures that all relevant laws and regulations are being complied with.

Category of Risk	Risk	Source	Form of Capital	Assessment	Plans and Strategies to Mitigate Risk
Commercial Risk	Increased competition between local and international suppliers of the product	External	Social and Relationship Capital / Financial Capital	Likelihood: Medium Magnitude: High	The Company believes that its years of experience, quality, research and development, brand image and customer loyalty are success factors to sustain even in this global economic scenario.
	Disposal of waste in an appropriate manner	Internal	Manufactured Capital / Social and Relationship Capital	Likelihood: Low Magnitude: Medium	Management proactively monitors the arrangement in place and ensure that all environment-related laws are being complied with.
Operational Risk	Safety and security of Assets	Internal	Manufactured Capital	Likelihood: Low Magnitude: Medium	The Company has formulated and implemented a safety and security mechanism throughout its manufacturing and administrative facilities. Moreover, all assets are insured through reputable institutions in order to safeguard assets against any unforeseen event of damage, fire, theft, an act of terrorism etc.
	Employee turnover	Internal	Human Capital	Likelihood: Low Magnitude: Medium	The Company provides a good working environment and optimal growth opportunities to its employees in order to keep them motivated and to keep them connected with the Company.
Financial Risk	Adverse changes in interest rates	External	Financial Capital	Likelihood: Medium Magnitude: Medium	The Company mainly meets its working capital requirements through short-term financing facilities. In order to mitigate the risk of rising interest rates, management negotiates prevailing market rates and maintains an efficient portfolio of sources of funds.
	Defaults in Payments by Debtors	External	Financial Capital	Likelihood: Low Magnitude: Medium	The company regularly monitors the credit period and balance of major parties. Reconciliation and Confirmations are also obtained from parties on a periodic basis.

Potential Opportunities

Pakistan is one of those countries where upper middle class and middle-class population forms the majority. This factor opens up the opportunity to sell knitted wear and garments to the local mainstream population of the country. The ever so competitive local and international market has made it difficult for companies to sustain. This provides our Company the opportunity to acquire smaller players of the market and increase its market share and economic efficiencies.

Key Opportunities	Source	Capital Form	Strategy to Materialize
Increasing profits and growing demand in the market	External	Social and Relationship Capital / Financial Capital	Company continuously strives to increase its productivity and profitability, and efficiently manages business operations to cope up with the growing demand.
Maintaining healthy external relationships strengthen the company portfolio	External	Social and Relationship Capital	The Company works on managing external relations, promoting the brand by enhancing its social media presence and getting involved in branding activities for cultivating its branding image.
Hiring of quintessential employees. Skilled resource would assist in continually changing business climate	Internal	Human Capital	The Company participates in Talent Hunt Programs in reputed universities and regularly updates its job application process and develops talent assessment tests for hiring right-fit candidate. The Company actively conducts learning and development programs for improving the soft and technical skills of the employees so that innovation and change can be brought about.
Technology Advancement	External	Manufactured Capital / Intellectual Capital	The Company continuously invests considerable amounts in technological advanced machineries in order to remain competitive and cost-efficient.
Diversification of Product Range	External	Social and Relationship Capital / Manufactured Capital	The Company keeps itself updated regarding new trends, customer choices, thus, the company cope with the new ideas accordingly.

risk management policy

The purpose of the Risk Management Policy (RMP) is to identify the risk which may create hindrances for management to achieve Company's objective and introduction of appropriate and effective controls to mitigate the identified risk. The Board of Directors (BOD), Chief Executive Officer (CEO) and concerned department head (HOD) are responsible for Risk Management Policy.

Following are the salient features of the Risk Management Policy:

- Management must ensure that every HOD must identify the risk of his department and should also describe the measures to mitigate the identified risk. Every department must be updated about relevant regulatory requirements, laws, and codes of conduct pertaining to the activity of his/her department and it should be observed and implemented at various execution level.
- Each risk should be categorized in 4 levels namely low, medium, high and crucial.
- HOD should set and change the levels of risk with the consultation of the Head of Internal Audit (IA). HOD will also be empowered to modify the measures to cope up with already identified risk.
- Monitoring and Reporting level of each risk will be defined by the CEO with the consultation of IA and HOD.
- Every HOD will prepare a document of identified risk of his department along with the control measure to mitigate the risk. The HOD will keep the record of change in the level of risk and will keep the track of reporting to higher authority and measures taken by the concerned department to control the situation. Every change in the level of risk shall be reported to the IA for assessment and updation in the Risk Register.

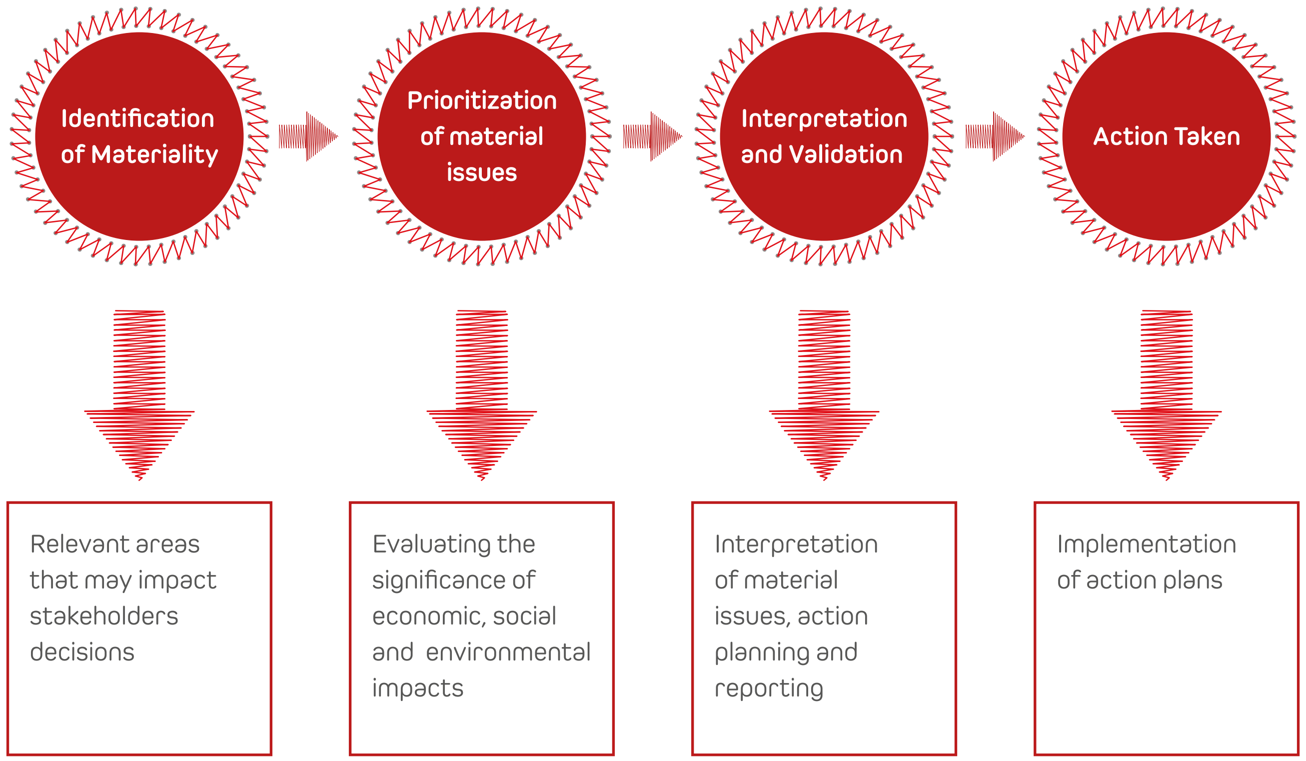
Risk Register & Annual Presentation to Board

Internal Audit department shall prepare and update the Risk Register. Internal Audit department shall evaluate the effectiveness of control and should also check the reporting of the risk to the CEO/BOD when it is being required to be reported. IA will present the report to the board annually about the newly identified risk of every department and control measure taken by the HOD along with the Risk Register of already identified risk.

materiality determination

Materiality Assessment

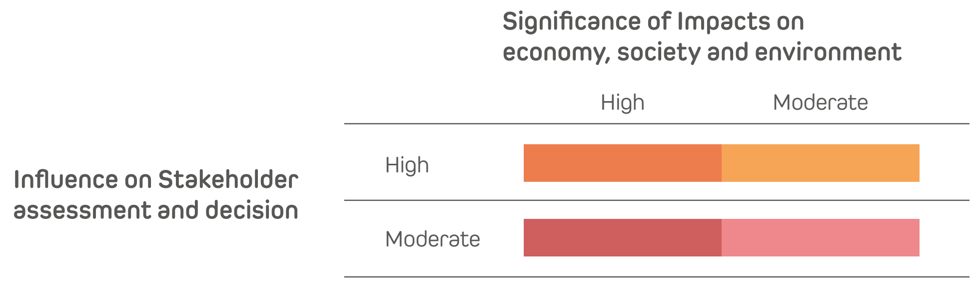
Materiality determination of the Company is the value-creation strategy that prioritize the most impactful areas of society, environment and economy. The issues highlighted influence the decision-making process of the stakeholders and the responses need to be timely identified, evaluated, and formulated.



Materiality Matrix

The material issues identified have been presented in the table below. The matters have been marked on the basis of their effect on Stakeholders Assessment and Decisions and significance of their impact on economy, society and environment. The materiality analysis not only helps in identifying issues to the stakeholder but also assist us in deciding the area of focus of our internal resources.

Sustainability Area	Material Topic	Marking	Boundary
Social	Business Ethics		GTML / Supplier / Customer
	Human Rights		GTML
	Health and Safety		GTML
	Training and Education		GTML
	Compliance		GTML / Regulator
	Marketing Communications		GTML
	Data Privacy and Cyber Security		GTML
	Stakeholder and Community Involvement		GTML / Community
Environment	Energy and Water		GTML
	Emissions		GTML / Community
	Material		GTML / Supplier
Economic	Economic Performance		GTML
	Economic Returns		GTML
	Market Presence		GTML



Robust Assessment of Risk

As disclosed in the Directors' report, the Board of Directors has carried out a robust assessment of the principal risks which the company is facing and are confident that the Company has adequate plans/resources to outweigh the possible negative impact of these risks.

Capital Structure and Payment of Debts

As discussed in the Strategy and Resource allocation section, the Company has adequate Capital structure, mainly supported by Equity. Further, the Company has a practice of setting obligation on a timely basis and accordingly there is no history of any default with respect to payment of debt.

where industry thrives

Governance

Board of Directors

Under the direction of our profound and astute leaders, we have successfully marshaled the drive and passion of our people towards the road of prosperity.

Our Board of Directors have played a pivotal role in transforming GTML throughout the course of its operations; they have led GTML from the front and at the same time have stayed by their workforce through thick and thin. Their determination for achieving excellence and staying by their employees is what drives GTML every day.

directors' profile

Mr. Muhammad Yunus Tabba
Chairman

Mr. Muhammad Yunus Tabba started his over fifty-seven years-long career with YBG as one of its founding members and has seen it progress through manufacturing, sales, marketing, and general management. With his expertise and diversified experience, he has taken YBG to a level appreciated by both local and international business communities. He has also been awarded as "Businessman of the Year' by the Chambers of Commerce several times during his awe-inspiring entrepreneurial career. Recently, he has also been awarded "Sitara-e-Imtiaz" by the Government of Pakistan in Awards Honoring Ceremony in Governor House, Karachi on Pakistan Day – 23rd March 2019.

Mr. Muhammad Sohail Tabba
Chief Executive Officer

Mr. Muhammad Sohail Tabba - Pakistan's business mogul and philanthropist, owes his prosperity to a conglomerate of businesses and export houses bearing the YBG brand name. His proficient leadership in diverse sectors – manufacturing, cement, energy, entertainment, real estate and philanthropy - spanning over almost three decades - has earned laurels and accolades for his company and country.

Mr. Muhammad Sohail Tabba - the CEO of Gadoon Textile Mills Limited, Lucky Knits Private Limited and Director of Yunus Textile Mills Limited, Lucky Textile Mills Limited - is spearheading Pakistan's leading group –YBG- in the arenas of textiles globally.

He was appointed as a Non-Executive Director on Board of ICI Pakistan Limited in 2012 and since 2014 with his laudable leadership, he acquired the position of Chairperson ICI Pakistan Limited. His escalation further accelerated; he became the Chairperson of NutriCo Morinaga (Private) Limited. In 2016 state-of-the-art Morinaga manufacturing facility was established in Pakistan as a joint venture to produce infant formula.

His vision enabled the manifestation of Lucky One Mall. The magnificent edifice, in the heart of Karachi, provides shopping facilities and entertainment at Onederland, to children and people from all walks of life.

Besides being the CEO of Lucky Energy (Private) Ltd, Yunus Energy Limited, Lucky One (Private) Limited; he is the Director of Lucky Cement Limited, Kia Lucky Motors Pakistan Limited and several other companies.

Driven to contribute to the community, Mr. Muhammad Sohail Tabba became Founding Trustee of Childlife Foundation Pakistan in 2012. His magnanimous contribution to the healthcare sector of Sindh is treating almost 2,000,000 patients annually through contemporary children's emergency rooms in 7 government hospitals. He is also the Director of Aziz Tabba Foundation that holds Tabba Heart and Kidney Institutes besides several other welfare projects.

Mr. Muhammad Ali Tabba
Director

Mr. Muhammad Ali Tabba is the Chief Executive Officer of Lucky Cement Limited, which is one of the largest producers and leading exporters of quality cement in Pakistan.

He also serves as the Chief Executive of Yunus Textile Mills Limited, a state-of-the-art home textile mill and the largest exporter of home textile products from Pakistan with subsidiaries in North America and France. He also serves in the capacity of Vice Chairman of the Board of ICI Pakistan Limited.

He is also the Chairman of Kia Lucky Motors Pakistan Limited. The company has entered into a joint venture agreement with the South Korean carmaker to manufacture, assemble, market, distribute, sell, offer after-sales service, import, and export all types of Kia motor vehicles, parts and accessories in Pakistan.

He also serves in the role of Chairman of Lucky Electric Power Company Limited (LEPCL). LEPCL is setting up a 660MW supercritical coal power plant at Port Qasim, Karachi.

He has also served as the Chairman of Pakistan Business Council (PBC). PBC is a business policy advocacy platform comprising of the largest private-sector businesses and conglomerates, including multinationals in Pakistan. PBC aims to improve the general business environment of the country. He was former chairman of All Pakistan Cement Manufacturing Association (APCMA), a regulatory and apex body of the cement manufacturers in Pakistan. He has been appointed by the Government of Pakistan to serve on the Board of Directors of Pakistan International Airlines Corporation Limited.

He has recently been appointed to the Council of Business Leaders. The body is constituted and headed by the Prime Minister and is tasked with providing feedback on boosting exports, increasing investment, tariff and taxation policies.

In recognition of his outstanding services and contributions in the social development sector of Pakistan, World Economic Forum (WEF) in 2010 bestowed the title of Young Global Leader (YGL) on Mr. Muhammad Ali Tabba. For his distinguished services rendered in the field of entrepreneurship, public service and philanthropy; the government of Pakistan in 2018 conferred upon Mr. Tabba "Sitara-e-Imtiaz," one of the highest awards government of Pakistan bestows upon a civilian.

He is the Vice Chairman of Aziz Tabba Foundation.

Mr. Jawed Yunus Tabba
Director

Mr. Jawed Yunus Tabba has a rich experience in the textile industry and is currently the Chief Executive Officer of a renowned textile mill, Lucky Textile Mills Limited. His untiring efforts helped him acquire deep insight and expertise into export and manufacturing activities. He has been instrumental in managing the textile concerns of YBG and has transformed Lucky Textile Mills Limited into one of the premier Textile Companies in Pakistan.

He is on the Board & related sub-committees of Lucky Cement Limited, ICI Pakistan Limited and Kia Lucky Motors Pakistan Limited. He is keenly involved in the formulation of vision, strategies & governance structures of these companies.

Mr. Jawed Yunus Tabba is also managing the Real Estate Project Lucky One. Mr. Jawed Yunus Tabba is extensively engaged in community welfare projects which include Aziz Tabba Foundation. He is also a member of Young President Organization (YPO).

Ms. Zulekha Tabba Maskatiya
Director

Having pursued a Bachelor's degree in Management Sciences from the University of Warwick and a Master's degree in Management, Organizations and Governance from the London School of Economics and Political Science, Ms. Zulekha Tabba Maskatiya has been an indispensable part of the business. She not only holds a prestigious position within the YBG but her educational background brings the values of business focus, corporate governance and social responsibility to the organization.

Mr. Saleem Zamindar
Director

Mr. Saleem Zamindar has a Bachelor of Arts (BA) degree in Economics from Boston University, USA and a Master of Business Administration (MBA) from Durham University Business School, UK. He has over 24 years of experience across several countries in investment management, board level general management and international banking. He is a Certified Company Director by the Pakistan Institute of Corporate Governance and additionally also holds the globally prestigious Certificate in Company Direction from the Institute of Directors (IoD) UK.

He is an IFC Certified Trainer on Corporate Governance and is a member of the faculty of Pakistan Institute of Corporate Governance (PICG). He serves on the Board of Directors of several publicly listed & private limited companies. He is also the past President of the Rotary Club of Karachi, the largest and oldest Rotary Club in District 3271, and is a member of the Managing Committee of the Karachi Boat Club, member of the Sind Club Finance Sub-Committee and member of the Board of Governors of the Karachi Council on Foreign Relations.

Mr. Zafar Masud
Director

Mr. Zafar Masud, a banker, and an entrepreneur, has extensive experience of working at the Board of Directors level including State Bank of Pakistan (SBP) and Barclays Bank Southern Africa while he is currently working as a member of the Board of Directors at National Bank of Pakistan (NBP). Mr. Zafar obtained his M.B.A. in Banking from the Institute of Business Administration, Karachi and a Bachelor of Commerce from the Hailey College of Commerce, University of the Punjab, Lahore.

He is currently working as a Consultant with Karandaaz Pakistan on National Savings and setting-up of first of its kind credit enhancement facility for social infrastructure financing company in Pakistan. Most recently, he has worked as Director General-National Savings, Ministry of Finance.

Formerly, being the member of Board of Directors of the SBP, he has served as the member of Independent Monetary Policy Committee of the Government of Pakistan. He was also the Chairman of Publications Review Sub-Committee and Members of Human Resources and Investment Sub-Committees of SBP.

He served as a Member of the Board of Directors and Chairman of HR Committee at Oil and Gas Development Company Limited. In addition to this, he has also served as the member of the Board of Directors and Chairman of the I.T Committee of NBP, Member of the Board of Directors and Chairman of the HR Committee of Port Qasim Authority, Member Advisory Council, Ministry of Maritime Affairs and Member of the Board of Directors of TAF Foundation. He was also the Founding Partner of Burj Capital.

He has a rich experience of working as the Regional Managing Director & CEO for Southern Africa, Barclays Bank PLC. Prior to Africa, he was also responsible for establishing one of the prime global Islamic banking franchises – Dubai Islamic Bank - in Pakistan. At Citibank, he was a member of the Country Management Committee and responsible for handling Government and Public Sector business. He was involved in all the major deals done by Citibank between 1999-2005. He also joined American Express Bank Pakistan as Management Trainee. Being the trainee, he appointed member of the Country Capital Markets Taskforce, implemented special initiatives/ projects of bonding business and launched corporate business in the peripherals of Lahore city (Sialkot, Gujranwala, Gujrat, etc.)

chairman's review

The Board comprises of competent and proficient leaders having immense experience in various sectors of the business world.

The board, being responsible for the management of the company, formulates all significant policies and strategies. The board is governed by relevant laws & regulations and its obligation, rights, responsibilities, and duties are as specified and prescribed therein.

During financial year 2018-2019, four board meetings have been conducted. The board strictly monitored its own performance along with the performance of its sub-committees. Comprehensive and effective meetings of the board resulted in conducive decisions for the Company. Whereas, integration of all policies assimilating to the company's mission and vision was ensured by the board. In addition to it, the board also ensured compliance with all applicable rules and best practices of the company.

The Board remained vigilant regarding the achievement of the business goals and objectives along with its financial performance. Oversight on these measures was carried out on a consistent basis through the presentations by the management and auditors.
The Board also keeps a check on the followings:

- Quality standards of its product.
- Stable and continual growth.
- Encouraging diversity and upholding ethical behavior.
- Development of skillful resources to attain advancement and excellence.

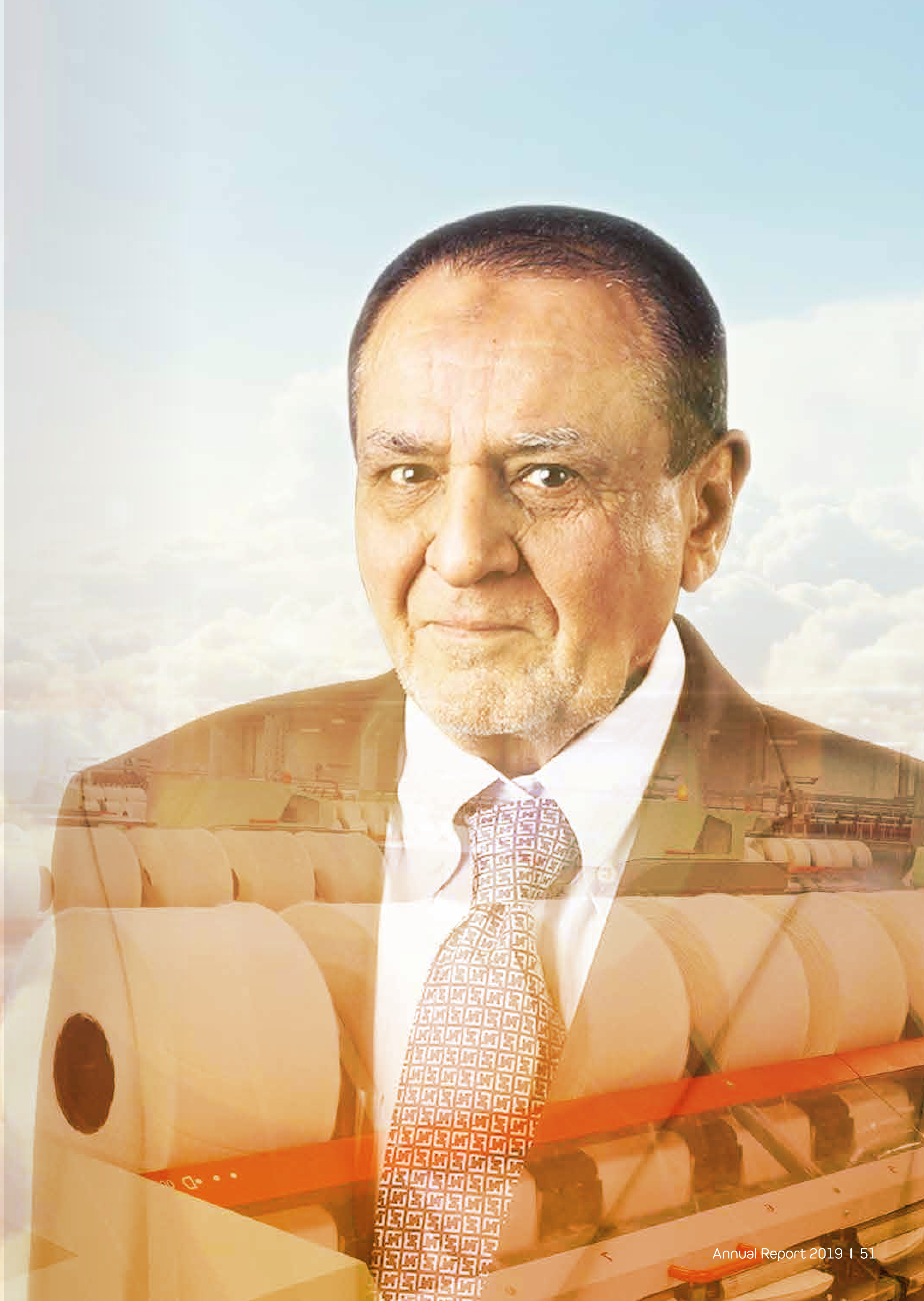
During the year, the board recommended and approved among other things:

- Routine BMR;
- Budget;
- Quarterly and annual financial statements;
- Internal audit and audit committee reports and finding;
- Appointment of external auditors; and
- Distribution of dividend.

Accordingly, the Board has completed its annual self-evaluation for the year 2019 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2019, remained satisfactory.

Muhammad Yunus Tabba
Chairman

Karachi: July 26, 2019



directors' report

Dear Members

The Directors of your Company takes pleasure in presenting before you the financial results of your Company which include both Unconsolidated and Consolidated audited financial statements for the fiscal year ended June 30, 2019.

Overview

The principal business activity of your Company is the manufacturing of yarn and knitted fabric. To facilitate its customers and minimize the cost effect, the Company has strategically set its manufacturing facility in two regions i.e. North and South.

During the year, your Company recorded consolidated turnover of Rs.31.21 billion against Rs.27.55 billion for the Same Period Last Year (SPLY); there is a growth in revenue of 13.29% during this year when compared to SPLY. Further, the consolidated gross profit margins have also increased from 7.06% to 9.27% from SPLY. The increase in contribution margin is mainly on account of better product mix, generation and utilization of energy mix at its optimum levels and increased sales price.

The abrupt devaluation and hike in interest rate by State Bank of Pakistan, from 7.00 % to 12.25% has affected the cost of sourcing for the Company. The finance cost has been increased to 3.52% of sales in comparison with 2.09% of SPLY. Despite the fact, the management maintained an efficient portfolio of funds along-with minimum spreads, to keep the cost at the lowest possible rates.

During the year, despite the political uncertainties on account of election, trade war between Global Trade Giants, current account deficit and fierce competition with regional competitors, coupled with abrupt devaluation of currency and increase in interest and inflation rate, the consistent effort of the management has managed to get the positive bottom lines of Rs. 1,186.10 million as compared to Rs. 1,185.29 million SPLY.

Corporate Restructuring

During the current year, a Scheme of Arrangement (Scheme) was filed by Lucky Holdings Limited (LHL) – an associate of the Company, before the Honorable Sindh High Court (SHC), after getting the required approvals from the Board of Director and shareholders of LHL. As per the Scheme, the LHL investment in ICIP Pakistan Limited (ICIP) will be divested and shares of ICIP will be transferred to the existing shareholders of LHL in the proportion of their shareholding.

Accordingly, the number of shares to which the Company is entitled will be transferred to Gadoon Holdings (Private) Limited (GHPL) - a wholly-owned subsidiary of the Company. The Company will retain its shareholding in LHL to the extent of remaining net assets excluding the effect of the transaction.

The Scheme was approved by the SHC on April 09, 2019 with July 01, 2018 being the effective date. Accordingly, as GHPL now becomes the wholly-owned subsidiary of the Company by virtue of this arrangement, therefore in addition to the unconsolidated financial statements, the Company has also prepared its consolidated financial statements for this year.

Economic Prospects

The economy has initiated its way towards stability. During the year, the country witnessed an insignificant decline of 1.00% in exports mainly due to higher cost of raw material. However, reduction of 9.86% on import bill in USD term as compared to SPLY has supported the economy in reducing the current account deficit by 15.33%. Further, inflows from remittance have also increased by 9.68% in USD term, which, we believe will bring economic stability in the country.

There have been uncertainties during the year, mainly due to abrupt devaluation. The discount rates have also increased during the year which resulted in an increase in inflation.

After receipt of financial assistance from friendly countries, MOU's being signed for Foreign Direct Investments and the approval of bailout package by the IMF, it is expected that the economy now finds its way towards gaining momentum.

Financial Results

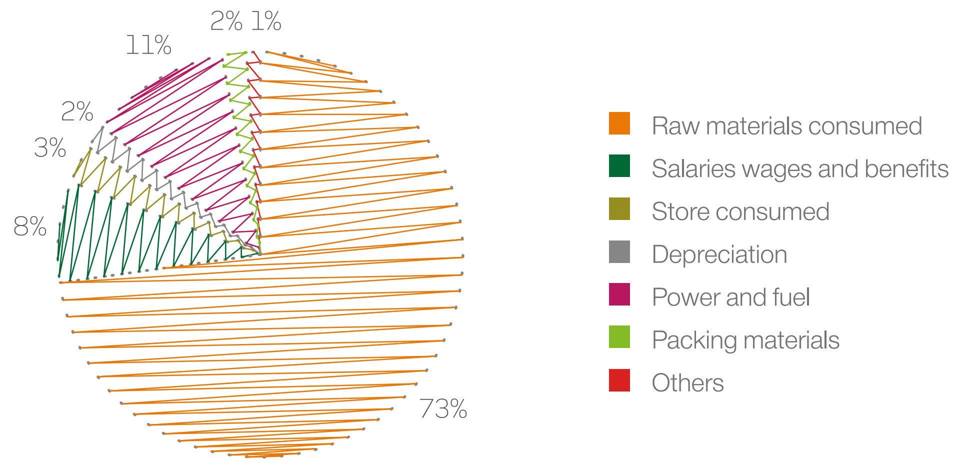
A comparison of the key financial results of the Company for the year ended June 30, 2019 are as under:

Profit and loss summary	June 30, 2019	June 30, 2018	Favorable / (Unfavorable)
	Rupees '000		Percentage
Export	8,345,846	10,329,551	(19.20)
Local	22,871,633	17,225,136	32.78
Sales (net)	31,217,479	27,554,687	13.29
Gross Profit	2,892,723	1,944,890	48.73
Finance Cost	(1,098,179)	(574,682)	(91.09)
Distribution expenses	(401,764)	(437,311)	8.13
Administrative expenses	(276,997)	(224,245)	(23.52)
Other Income	651,441	926,387	(29.68)
Profit before taxation	1,668,457	1,473,646	13.22
Profit after taxation	1,186,102	1,185,296	0.07
Earnings per share (Rs.)	42.32	42.29	

In addition to the non-availability of export rebate for spinning segment this year as compared to SPLY, the trade war among world economies was another reason for declining export sales during this year which resulted in fewer orders from China to which Pakistan's export of yarn is at a higher percentage. However, the situation becomes stable in the second half of the year with an increase of 94.70% in export sales of yarn bags and 78.59% in export of knitted fabric, when compared with the first half of this financial year.

Further, the Company is capitalizing the additional demand in the local market of the value-added sector, which has resulted in an increase of Rs.5.65 billion, 32.78% in local sales to Rs.22.87 billion against Rs.17.22 billion in SPLY.

The results of the final quarter of the year under review improved over the previous quarters on account of improvement in yarn prices as a result of the devaluation of the Rupee, leading to increased costs of raw materials. The Company's inventory level were well covered to take benefits of increased selling rates. The breakup of manufacturing cost is as follows:



The significant portion of cost of goods manufacture consists of raw material which is 73% and power cost is 11%, which has been the key concern for the management to control during this year too. In an effort to rationalize average production cost, management did procure wisely with a mix of local and imported cotton.

As regards to the power, the Company has changed its power generation mix during this year which resulted in more electricity generation using Natural gas over the furnace oil, increased the use of more efficient generators and also availed the benefit of Waste Heat Recovery Plant. This has helped the Company in reducing the overall power cost as compared to SPLY.

The distribution cost has mainly decreased on account of decrease in export sales. Further, the increase in administrative cost is mainly attributable to uncontrollable features, such as inflation, employee costs, etc.

Further, the returns from strategic investment in diversified avenues remain on a similar level during this year when compared to SPLY with insignificant increase.

Moreover, the reason for decrease in other income is the export rebate for spinning segment, not extended to this financial year, which contributed Rs. 355.64 million in SPLY.

The management of the Company continues its BMR strategy to replace old machineries with new technological advanced machineries. In this respect, significant CAPEX has been incurred during the year. The increasing cost of borrowing, due to significant CAPEX committed during last years, will start to bring its benefits from next year, by further improving the quality of Company's products and in a more competitive cost.

Through the Finance Act, 2019, the rate of tax credit @10 % on investments under section 65(B) of the Income Tax Ordinance, 2001, which was allowed till tax year 2018, has been withdrawn for tax year 2020 onwards. Further, the tax credit rates for the tax year 2019 has also been reduced from 10% to 5%. The Company has to bear the additional cost by losing its tax credit to the tune of Rs.134 million.

Segmental Review of Business Performance

The operations of your Company are primarily divided into two segments i.e. Spinning and Knitting segment. The segment wise results for the year are as follows:

	Spinning	Knitting	Spinning	Knitting
	2019		2018	
	Rupees in '000			
Revenue	29,805,745	1,411,734	26,162,784	1,391,903
Profit before tax	777,774	326,616	684,462	312,014

Further, the dairy business segment has started commercial production from June 30, 2019, the results of which are going to be made part in next year financial statements.

Status of Strategic Investments

During the current year, the Company has obtained an extension from the shareholders regarding their previous approval (dated: April 13, 2018), in respect of investment in Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited and Yunus Wind Power Limited as the time frame of 12 months from the passing of special resolution as required under Regulation 6 of the "Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017" was expiring and the Company was unable to invest the entire approved amount in any of these three Companies, on account of remaining legal formalities.

However, the Company is still actively pursuing this matter to ensure that investment is made within the approved time.

Further, during the current financial year, the Board of Directors have approved an investment in 150 MW Hydel Power Project, proposed to be located in the province of Khyber Pakhtunkhwa. The information being material has also been intimated to Pakistan Stock Exchange vide Company's letter dated July 13, 2018. However, the Company is in the process of obtaining various approvals from relevant authorities / regulators and accordingly, no investments have been made up to date.

Composition of Board

The Board of Directors as at June 30, 2019 consist of:

Total number of directors

a) Male	06
b) Female	01

Composition

a) Independent Directors	02
b) Other Non-Executive Directors	04
c) Executive Director	01

Election of Board of Directors

The election of directors of your Company was held on March 20, 2019. The following directors have been elected for a period of three years:

1	Mr. Muhammad Yunus Tabba	Non-Executive Director / Chairman
2	Mr. Muhammad Sohail Tabba	Executive Director / Chief Executive Officer
3	Mr. Muhammad Ali Tabba	Non-Executive Director
4	Mr. Jawed Yunus Tabba	Non-Executive Director
5	Ms. Zulekha Tabba Maskatiya	Non-Executive Director
6	Mr. Saleem Zamindar	Independent Director
7	Mr. Zafar Masud*	Independent Director

*Mr. Zafar Masud has been elected for the first time on the Board of Directors of the Company

The Board of Directors of the Company place their sincere thanks to Mr. Imran Yunus and Ms. Mariam Tabba Khan – the retiring directors for the valuable services which they have delivered during their association with the Company and wish them all the best for their future endeavors.

Committees of the Board

Subsequent to the election of Board of Directors, the Audit, Human Resource and Budget Committee were reconstituted. Following are the details of the member of each committee:

Audit Committee

1	Mr. Saleem Zamindar	Chairman
2	Mr. Zafar Masud	Member
3	Mr. Muhammad Ali Tabba	Member
4	Mr. Jawed Yunus Tabba	Member

Human Resource and Remuneration Committee

1	Mr. Saleem Zamindar	Chairman
2	Mr. Jawed Yunus Tabba	Member
3	Ms. Zulekha Tabba Maskatiya	Member

Budget Committee

1	Mr. Zafar Masud	Chairman
2	Mr. Muhammad Ali Tabba	Member
3	Mr. Muhammad Sohail Tabba	Member
4	Mr. Jawed Yunus Tabba	Member

Attendance of Board Meetings and its committees

S.No	Directors	Attendance		
		Board of Directors	Audit Committee	HR and Remuneration Committee
1	Mr. Muhammad Yunus Tabba – Chairman	4/4	N/M	N/M
2	Mr. Muhammad Sohail Tabba – CEO	4/4	5/5*	1/1*
3	Mr. Muhammad Ali Tabba	3/4	3/5	N/M
4	Mr. Imran Yunus**	2/3	N/M	N/M
5	Mr. Jawed YunusTabba	4/4	5/5	1/1
6	Ms. Mariam Tabba Khan**	1/3	N/M	N/M
7	Ms. Zulekha Tabba Maskatiya	2/4	3/4	1/1
8	Mr. Saleem Zamindar	4/4	5/5	1/1
9	Mr. Zafar Masud	1/1	1/1	N/M

* Mr. Sohail Tabba attended all meetings of Audit and HR&R Committee, by way of invitation.
** Directors retired during the year.
N/M Not a member

Leave of absence was granted to directors who could not attend the Board and its committee's meetings.

Principal Risks and Uncertainty

Businesses face numerous risks and uncertainties which if not properly addressed might cause serious loss to the Company. The Board of Directors of the Company has carried out a vigilant and thorough assessment of both internal and external risks that the Company might face. Following are some of the risks which the Company is facing:

- Technological advancement making it more challenging for the Company to compete on the national / international level.
- Declining export sales due to trade war and increased competition at global as well as regional levels.
- Currency volatility, abrupt Rupee devaluation, causing imported raw material expensive.
- Rising trend of conversion, power cost on account increasing fuel / gas prices and other inflationary impacts.
- Increasing KIBOR resulting in increased financing cost.
- Withdrawal of Zero Rating for Five Export Oriented Sectors might have a negative impact on local sales along with additional working capital requirements.

Change in Nature of Business

No significant changes have occurred during the financial year concerning the nature of business of the Company. However, dairy farm business, being disclosed as a pilot project till the last year has started commercial production on June 30, 2019, and accordingly assets and liabilities of the dairy project as at June 30, 2019, have been incorporated in the financial statements of the Company.

Pattern of Shareholding

The pattern of shareholding and additional information as at June 30, 2019, is part of the Annual Report of your Company. Associated companies and public sector companies own 69.57%, Banks / Insurance Companies / Mutual Funds own 8.97%, Director's own 0.07% and individuals own 21.39% of the entire shareholding.

Repayments of Debts / Loans

Your Company has an effective cash flow strategy in place whereby inflows and outflows are projected and monitored on a regular basis. This comprehensive strategy has always empowered your Company in smooth settlement of its financial commitments and hopes to cater any and every challenge that will come in its way. In compliance with the above, the management has put constant endeavors to rationalize borrowing cost, which is done by managing a balanced portfolio of sources of funds and efficient financing arrangements.

The Company has a practice of settling obligations on a timely basis, and accordingly, there is no history of any default with respect to payment of debts including this year.

Adequacy of Internal Financial Control

The effective system of internal financial control has been established by the Board of directors of the Company. The controls have been put in place to ensure the efficient and smooth running of the business, prevention and detection of fraud and errors, safeguarding of Company's assets, compliance with laws and regulations, accuracy and completeness of books of accounts and timely preparation of reliable financial information. Internal Financial Controls are periodically reviewed to ensure these remain effective and are updated with amendments in any laws and regulations.

Health, Safety and Environment

Being part of the most reputed group in the country, we feel responsible for the health and safety of not only our employees but also the people near our factory premises. A dedicated clinic / dispensary is managed by the qualified team where genuine medicine is provided. We also ensure the compliance of our production facility with all the environmental standards. Waste heat recovery plant and investment in green energy projects are one of the examples. Our production facility does not discharge any harmful material. Moreover, we have strict compliance towards wastage and disposal.

Corporate Social Responsibility (CSR)

The Company believes in returning back to the community and actively participates in the business practices that produce an overall positive impact on society. Considering this, GTML allocates a sum of amount to CSR activities and projects for societal development, pertaining to philanthropy and environmental sustainability.

During the current year, the Company contributed an amount for the wellbeing of visually impaired persons and laptops for the education and development of underprivileged children of the society. In addition to this, the Company strives to be a constructive member of the community by carrying out tree plantation and beach cleaning activities.

Along with this, on account of International Women's Day, a celebration was held to acknowledge the incredible strength of women. The prime focus was to empower women and appreciate them for their untiring struggles.

To appreciate the endeavor for benefiting the society at large, the Government of Pakistan awarded Mr. Muhammad Yunus Tabba – the Chairman of the Board of Directors with Sitara-e-Imtiaz on occasion of Pakistan Day held on 23rd of March 2019.

Directors' Remuneration

Through the Articles of the Company, the Board of Directors is authorized to fix remuneration of the Directors. In this regard, the Board of Directors have developed a comprehensive Remuneration policy for Non-executive and Independent Directors of the Company.

Directors' Training

The Directors of the Company are adequately trained to perform their duties and are aware of their powers and responsibilities under the Companies Act, 2017 and the Regulations of PSX Rule book.

Auditors

The present Auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants have completed the annual audit for the year ended June 30, 2019 and issued a clean audit report. The auditors will retire on conclusion of the Annual General Meeting of the Company and being eligible; have offered themselves for reappointment. As proposed by the Audit Committee, the Board recommends their appointment as auditors of the Company for the year ending June 30, 2020.

Future Outlook

It is believed that the revenue targets set by the government for the upcoming financial year can surely be the beginning of new heights for the Country if achieved, nevertheless, the targets seem quite challenging.

The government's main focus is to document the economy and the aggressive steps being planned in this respect have been anticipated to bring about long term sustainability and growth of the Country. It is probable that the steps taken might slow down the economic activities in the first two quarters of this financial year.

The Company has crafted its strategy to overcome the challenges after the withdrawal of SRO 1125 (1) of 2011. It is expected that the overall sales of the textile sector will be affected as the purchasing power of common man will reduce. The Company has devised the plan to cover this gap by identifying new products and customers in the local market. The Company will also be able to capture the additional demand of qualities being imported into the country owing to the recently imposed antidumping duty on certain qualities being imported to the Country. Further, the Company is optimistic that ongoing trade war between global giant once ended will have a positive impact on World Economy and Company's exports in particular. Moreover, significant improvement in Country's relation with the global giants have also been witnessed recently and accordingly it is expected that favorable revisions in Foreign Trade Agreements will be made in due course.

In addition to the introduction of sales tax refunds bonds for export oriented Companies, it is hoped that government will come up with some other plan for the textile sector including but not limited to the resolution of GIDC matter, timely release of tax and DLTL refunds to dilute the impact of the abolition of tax credits on capital investment & increase in turnover tax. This will hopefully boost the confidence of the textile sector and to allow the Company to compete in the global market.

With the approval of the IMF bailout package, concessional loan obtained from friendly countries, strict policies to regulate the foreign exchange transactions, and better balance of trade during this year, mainly on account of reduction in import bills, it is expected that rupee will contain its stability and there would be no significant increase in interest rates in the upcoming year.

The Company is continuously taking measures to contain its cost by procuring the right mix of raw material at the most economical rates to manage its stock. In addition, the sales mix will be altered based on demand/supply basis to enhance its profit margins and to generate positive cash flows.

In addition, the significant CAPEX made during the year will start reaping positive cash flows from operations in the upcoming years. This will not only increase the Company's market share and profitability but also add further support in reducing its working capital requirements and ultimately the financial cost.

Dividend Policy

Bearing in mind our strategic investment, business needs and Company's ability to generate cash, the Board of Directors is pleased to propose a final cash dividend of Rs. 8.5 per share for the year ended June 30, 2019.

Subsequent Events

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

Acknowledgments

The Directors record their appreciation of the performance of the Company's workers, staff and executives.

For and on behalf of the Board

Muhammad Yunus Tabba
Chairman

Muhammad Sohail Tabba
Chief Executive Officer

Karachi: July 26, 2019

CEO's message

We are determined to create value for our shareholders through continuous improvement in our business practices and by investing in technologically advanced equipment and diversified projects.

Alhamdulillah, I am pleased to announce that the financial year 2018-2019 marks the thirty-first year of buoyant operations of GTML. In this fiscal year, we have strived our utmost efforts in fulfilling our commitments with the stakeholders. An increase was witnessed in local sales along with an increase in operating profits, which would not have been possible without the support and collective action of our determined leaders and team members.

In the process of evaluation of the economic prospects and the market review, it was witnessed that the GDP growth rate for this year was 3.3% (2018: 5.8%). Out of the many other factors, one of the factor which resulted in declining GDP was the performance of agriculture sector, where the growth of 0.85% was witnessed as against the set target of 3.8%. The agriculture sector underperformed mainly on account of water shortages.

The cotton production has also shown a declining trend with a decrease of 17.5 % (production of 9.861 million bales as compared to 11.946 million bales in 2018). The cotton production was impacted largely due to a contraction in the cultivated area, on account of less economic incentive to the farmers. The production was also affected by unfavorable weather conditions, particularly the prolonged hot and dry weather that prevailed in the country.

Further, Country's total export have shown a downward movement of 1.00% (in dollar terms). Textile exports, being the major contributor to the country's export have shown a downward movement of 1.42% (in dollar terms).

However, in order to handle the situation and to flourish the textile industry, plans and strategies are being made by the Federal Committee on Agriculture (FCA) for better agricultural growth in the next fiscal year. The Company is optimistic for its future performance and intends to bring about positive results in upcoming years.

As far as Company's operations are concerned, the Company continued to invest in new technological advance machinery and accordingly increased its production capacity in order to cater to the increasing demand locally and internationally. Further, our Company has shown impressive turnaround during the current year, despite political instabilities (both local and international), rise in interest rates and abrupt devaluation of Pak Rupee. This performance was achieved by implementing measures to minimize increasing conversion cost, strengthening our sales mix, by achieving operational excellence and the results of strategic decisions to diversify our portfolio by investing in profitable business segments. Further, during the year the Company contributed Rs. 372.11 million (2018: Rs. 282.26 million) in National Exchequer on account of all kinds of duties and taxes.

Value-creation has always been the prime focus of the Company. We position ourselves as a socially conscious company that remains committed to investing back in the society and community in which it operates. For this purpose, a number of CSR activities have been conducted this year. Being socially responsible, we are constantly exploring ways to minimize our waste and are taking all necessary steps to reduce its impact on the environment.

Looking ahead, in addition to curtailing the conversion cost by identifying and implementing an efficient process to improve company's profitability, the Company will also take measures to contain its cost by procuring the right mix of raw material. Further, the Company will continue to explore new markets for its product, especially the international market. Moreover, it is also expected that government will also come up with strong policy measures in order to revive the Economy.

In the end, I express my gratitude to all the stakeholders who have always proven to be the driving force behind the successful operations of the Company. The Company will continue to work with utmost dedication for the business and the stakeholder's prosperity, which will further strengthen and grow the bond we share.

Muhammad Sohail Tabba
Chief Executive Officer

Decision Taken by Board and Delegated to Management

The board meetings of the Company are usually held on a quarterly basis to decide the matters requiring directors' approvals. Further, if decision on any matter is required on an urgent basis, and it is not practicable to arrange meeting, then such matters are decided on the basis of circular resolution, duly signed by each director, which is then presented in next board meeting for ratification.

The board members ensure that they fulfill all responsibilities assigned to them as required under applicable laws and regulations. Moreover, the board places more attention on areas such as strategic investments, business expansion, internal control & risk management, governance, review and approval of policies.

The board also delegates its tasks to sub-committees and the management, and keep follow up in board meetings. The day to day operational matters and the task assigned by the board or its sub-committees are dealt by the management in consultation with CEO.

Annual Evaluation of Board's Performance

As per the requirement of Listed Companies (Code of Corporate Governance) Regulations, 2017, the board of director are required to carry out annual evaluation of their own performance, members of board and of its committees.

This year also the evaluation was carried out by the board of directors of the Company and results were found to be satisfactory.

Following major criteria are used to measure Board own performance and of its committees including Chairman:

- The Board demonstrates integrity, credibility, trustworthiness and active participation in its affairs, and has the ability to handle conflict constructively.
- The Board provides guidance and direction, rather than management to the Company.
- The Board reviews management succession planning as needed.
- The level of communication between the Board and relevant parties (i.e., Committees, Auditors, Management and Business Heads, etc.) is appropriate.
- The Board receives and reviews all compliance needs.
- The Board reviews adequacy of internal controls and risk management procedures.
- The Board has developed a strategy for the organization that is central to its vision and mission statement.
- The Board receives signals of potential issues that may adversely affect the Company's key targets or financial performance.
- The Board ensures that professional standards and corporate values are put in place that promotes integrity for the Board, senior management and employees in the form of the Company's Code of Conduct.
- The Board review reliable projections of future cash flows for the medium and short-term, and is confident that the available funding will enable the Company to develop and operate as planned.

Orientation Courses and Directors' Training Program

The Company has arranged Orientation Courses for the directors and its senior management in the preceding years.

No directors training program has been held during the year as 4 out of 7 directors already meet the exemption criteria and 3 directors have already acquired the required training in previous years.

Further, during the current year, the company arranged Directors' Training Program for its two executives / HOD. The training was conducted by Institute of Cost & Management Accountant of Pakistan based on two sessions in the month of December 2018.

Policy for Remuneration to Directors

The remuneration policy is applicable to all non-executive directors including independent directors who attend the Board and its committee meeting. As per the policy:

- The remuneration of the Board of Directors shall be market-based in accordance with their experience and competencies.
- The Company will not pay any remuneration to its non-executive directors by way of salary except as meeting fee for attending the Board and its Committee meetings.
- The remuneration of a Director for attending meetings of the Board of Directors or its Committees shall be determined from time to time and approved by the Board of Directors.
- A Director shall be provided or reimbursed for all traveling, hotel and other expenses incurred by him for attending meetings of the Board or its Committees or General Meetings of the Company.
- Any Director who performs services which, in the opinion of the Board, are outside the scope of the statutory duties of a Director, may be paid such extra remuneration.

Governance Practice Exceeding Legal Requirement

The Board of directors of the Company not only ensure adequate adherence with any new legal and regulatory requirements but also ensure that governance mechanism does not fail to prevent any event which can cause serious financial and/or reputational loss to the Company. The compliance team headed by the CFO actively monitors global best practices and takes all the necessary measures to assure that Company adopts the same.

Company in the past have proactively complied with many additional legal requirements, which were not mandatory at that time. Some of the examples are:

1. Currently, the Board of Director has one female Director. Previously from March 2013 to March 2019, there were 2 female directors on the board of directors of the Company. This requirement was not mandatory in the past and have been introduced by CCG 2017, which requires each listed company to have at least one female director.
2. Chairman of the Board and Chief Executive Officer of the Company are separate person since May 2005. This requirement was introduced by CCG 2012.
3. Company has a past practice to get all the related party transactions approved from shareholder since 2014, as majority of directors of the Company are deemed interested in such transactions on account of their common directorship. The same practice has now been made mandatory by CCG 2017. In addition to that, the Company has been providing additional details in related party disclosure in the financial statements for many years, in order to ensure transparency.
4. CCG 2012 have made it mandatory for each Company to have at least one independent director. However, the Company has independent director in its board since September 2010.
5. The Company arranged directors training program for its two HOD in the current year. However, as per CCG 2017, the Company is required to arrange Directors training program each year for at least one HoD starting from the year 2021.

Diversity

GTML works together to preserve a culture of diversity and inclusion. We work in collaboration and respect the differences of the diverse workforce that include people of varying gender, ethnicity, national origin, cast, creed, age, religion, cultural background, languages, educational background, abilities, etc.

The Board lies special emphasis on the fair treatment of employees irrespective of their background and restricts discrimination. Further the management ensures that the talent hunt programs must reflect that we are an equal opportunity employer in all areas that strives to embrace work environment which is constructed on the premise of gender and diversity equity.

The management of GTML is also committed to promoting diversity in the workplace and female representation in all departments, thus taking several initiatives to progress in this area.

Related Parties

Policy

The objective of this Policy is to set out the framework for the transactions between the Company and its related parties based on the applicable laws and regulations.

As per the policy, the management must ensure that all the necessary details with respect to related party transactions must be sent to Audit Committee and Board of Directors at least seven days prior to the Board meeting and ensure that the following steps must be complied with, in order to finalize the review and approval of related party transactions:

- The details of all related party transactions shall be placed before the Audit Committee of the company and upon recommendations of the Audit Committee, the same shall be placed before the Board for review and approval.

- The related party transactions which are not executed at arm's length price also be placed separately at each board meeting along with necessary justification for consideration and approval of the board on the recommendation of the Audit Committee of the Company.
- The board of directors of the Company shall approve the pricing methods for related party transactions that were made on the terms equivalent to those that prevalent for arm's length transactions, only if such terms can be substantiated.
- During the review and approval of related party transactions, if majority of the directors approving any transaction are interested and transaction is not carried on an arm length basis than this matter shall be placed before general meeting as a special resolution.
- Approval from shareholders in respect of transactions with related party shall be obtained at the beginning of each year, in Annual General Meeting so that Company can carry its business smoothly.
- The records in respect of transactions with a related party shall be kept minimum for the period of 15 years or such longer time as required by relevant laws and regulations.

The detailed disclosure regarding transactions with related parties have been disclosed in note 37 and note 38 to the unconsolidated and consolidated financial statements respectively.

Detail of Board Meetings outside Pakistan

During the year, no board meeting was held outside Pakistan.

conflict of interest

The Company believes in handling of actual or perceived conflict of interest constructively. Conflict of interest is a situation that has the potential to undermine the impartiality of a person because of the possibility of a clash between the person's self-interest and professional or public interest.

All employees are directed to avoid situations where there is a possibility of conflict, as inability to conform to these ethical policies may render an individual at risk of disciplinary action, even subsequent dismissal in an instance where a severe breach occurs.

Management of Conflict of Interest
The Conflict of Interests is managed and monitored in the following ways:

- Instructing employees about managing and avoiding Conflict of Interest.
- Staying away from any kind of actual and perceived conflict.
- Imparting the Conflict to the Stakeholders.
- Enforcement of strategies to handle Conflict of Interest.

Further, the directors are also reminded on a periodic basis to avoid actual, potential or perceived conflict of interests and to excuse themselves from any discussion on the matter that would give rise to conflict of interests.

investors' grievance policy

The grievance is defined as any complaint, problem or concern of the affected person. The objective of this Policy is to safeguard and protect the interest of the investors/shareholders by handling their grievances.

The Management is committed to ensuring that grievances notified by the investors are handled and resolved efficiently without any discrimination, at an appropriate level within the shortest possible time. The Company's Grievance policy follows the following principles:

- Queries and complaints are treated efficiently, fairly, confidentiality in a courteous manner.
- The Company's employees work in good faith and Investors are informed of avenues to raise their queries and complaints within the organization and their rights if they are not satisfied with the resolution of their complaints.
- Appropriate remedial action is taken immediately to ensure avoidance in the future.

safety of records

The Company has implemented stringent controls to ensure that the records maintained are not only in compliance with the standard procedures but are also stored in a way that ensures their safety along with the timely retrieval of data, when required.

In order to ensure the Safety of Records, the Company has adopted the following measures:

- Introduction of 'paperless environment' initiative in the past under which all the records and relevant documents are being scanned so that they are available electronically, addressing the safety and time-bound concerns of the records.
- Implementation of precautionary measures such as the use of fire-extinguishers and fire-resistant, ensuring the security of sensitive documents of the Company.
- Efficient disposal of record and information when it is no longer required.

The company has so far scanned more than 3 million documents that has reduced the paper consumption, markedly, as the access to print these scanned documents are also controlled.

IT governance

In today's highly competitive and dynamic environment, it is imperative that companies align themselves with the advancements of modern time. These advancements not only help in precise dissemination and presentation of information, but in particular saves time and cost for the business.

In this regard, we at GTML have consistently monitored and developed our IT framework and ensured that the systems we have implemented, effectively help in storing, safeguarding, retrieving and sharing of information. We have a team of talented individuals, who have been working tirelessly to make sure that the methods adopted and implemented by the Company are in line with the best practices of the industry.

The Company has documented and monitored consistently the IT framework and maintains detailed, up-to-date inventory records for all computer hardware, software and data. The projects, mentioned below have been planned and executed to bring about progress in the operations of the Company.

Projects

Business Intelligence (BI) Tool
BI has become an important asset for any company that wants to reach the next level. BI is a technology-driven process for analyzing data and presenting actionable information to help executives, managers and other corporate end-users to make informed business decisions. It comprises of the strategies and technologies used by enterprises for the data analysis of business information.

We have already acquired the TABLEAU BI license in the first quarter of 2019 to formally introduce the desired technology in our organization. We are now planning for formal training of subject technology for our technical and non-technical staff.

Network Security and Awareness
With the increasing reliance on technology, it is becoming more and more essential to secure every aspect of online information and data. As the internet grows and computer networks become bigger, data integrity has become one of the most important aspects for organizations to consider. Although we have already worked intensely on network security and VPN connectivity, it is, however, important to keep our IT team up-to-date on the latest security threats and keep them ready for up-coming network security challenges.

For the year 2019-20, we have targeted to conduct gap analysis in Network / VPN / Internet / Email security considering current installation of physical firewall and network infrastructure and determining ways to improve the overall network structure.

Business Continuity and Disaster Recovery Plan
It is vital for companies to have a backup plan for disaster, as no one can really predict when they will strike. We have already developed dedicated BCP infrastructure at our backup location with arrangement of around fifteen workstations for general staff members and one dedicated room to accommodate two executive members.

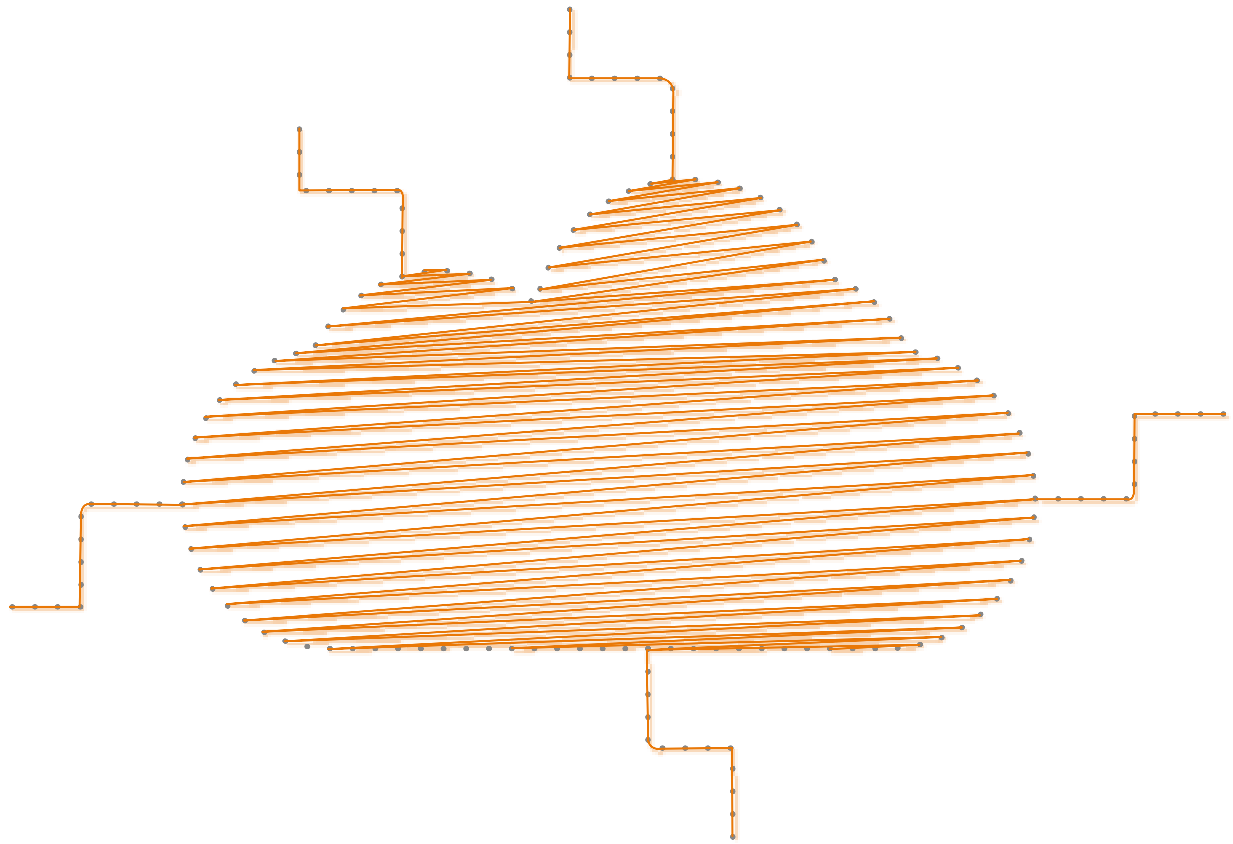
The Board of Directors periodically monitors the Business Continuity and Disaster Recovery of the Company for smooth functioning of the systems and servers and for the prevention of any unforeseen adversary. Further, the board is also involved in continuously monitoring of the risks which is exposed to the Company and the relevant strategies inplace to mitigate them. In this fiscal year, on November 24, 2018, a successful BCP drill was held and we appreciate the efforts of our IT team in conducting the drill. We believe that in any unfavorable event, our system will be up for use and will be fully operational, thus fulfilling international standards of BCP.

For the year 2019-20, we are targeting to extend the infrastructure in term of VPN connectivity and more space for formal Data-Centre.

Utilization of Bio-Metric Technology
Bio-metric technology was initially introduced for the enrollment of factory labor in 2016. After successfully completing the enrollment process, we extended the project to implement the bio-metric technology for cash disbursement in 2017 and got tremendous response in overall cash payment process. Currently, we have extended this facility at our Karachi Project Factory.

For the year 2019-20, we are planning to utilize the bio-metric system for extended utilities including verifying employee presence, past track record etc. Cash disbursement against salary and benefits through ATM machine via bio-metric option is also in consideration. Since this is new concept and needs more detail, related to technology and legal issues, hence currently it is in evaluation phase.

Employee Training
Training and Development of an employee will remain the top most priority and same applies for IT as well. The policy is available for deserving and competent staff to attain relevant / recognized certification which will support in IT improvement including carrier progression of particular employee.



whistle blowing policy

This policy sets out guidelines to encourage individuals if they believe or have discovered malpractice or impropriety in the activities of the Company.

The Company is committed to the highest standards of openness, honesty and accountability. In line with its commitment the Company encourages employees and / or third parties (suppliers, customers, dealers etc.) with serious concerns about any aspect of the Company's work to come forward and blow whistle on those concerns.

Employees and stakeholders of the Company are encouraged to raise concerns internally on malpractice or impropriety. These concerns may include but not be limited to the following:

- Financial malpractice or impropriety or fraud;
- Failure to comply with a legal obligation;
- Disclosure of Confidential Information within or outside the Company;
- Deviation from full and fair reporting of the Company's financial position;
- Dangers to Health and Safety or the environment;
- Unlawful Civil and Criminal activity;
- Improper conduct or unethical behavior; and
- Attempts to conceal any of these.

All speak up shall be recorded, reviewed and where appropriate, independently investigated and presented to the Audit Committee. Where possible, feedback shall be provided to the employee and /or third parties raising the concern.

The Investigation Committee comprising of independent members would work under the supervision of CEO. Members of the Committee would be changed depending on a case to case basis.

All reporting shall be handled in a confidential manner. It shall be ensured at any time the person raising the issue, if not anonymous, is not targeted or penalized for raising the matter in all circumstances. Confidentiality shall be maintained to the fullest extent possible. However, if the person raising issue has acted with false/malicious intent, then disciplinary action may be taken against the person.

human resource excellence

Organization cannot build a good team of working professionals without good Human Resource. As the pace of business accelerates and competition strengthens, companies are antagonized with greater uncertainty and intricacy.

While facing such contests, our human resource has the potential to be a crucial asset by ensuring that company indeed has the desired human capital to compete and the ability to react fast to changing environments. They are determined to take company to new heights, and this commitment helps us to strive against the impossible and try to break our own benchmarks that we have set in the industry over the time. The wonderful relationship that we share with our employees is the key reason why the company has a very low employee turnover.

Human Resource Management Policy

The objective of this policy is to lay down salient features of Company's philosophy with respect to its Human resources management and its succession planning. As per the policy, the Human Resource department of GTML shall ensure the implementation of the following practices:

- Attract and retain top talent at all level.
- Performance-based / Market-based compensation & benefit to be provided to all employees.
- Performance evaluation of all employees shall be carried out on a periodic basis. Performance should be reviewed against the stated goals.
- Succession Plans for all critical positions to be documented with highlighted improvement areas.
- To develop strong bench strength and provide development opportunities through cross-functional exposure.
- On job Training & Development to be provided to all employees.
- Responsibility matrix should be clearly defined.
- High Achievers shall be awarded
- Code of Conduct should be disseminated to all employees and their adherence must be ensured.

Succession Planning

Succession planning is a continuous process which is designed to identify, evaluate and develop the potential employees from within the organization who would be able to take up the leadership roles in future. The purpose of this is to have a pool of talented and competent employees who can replace anyone in leadership role. In this respect, HR department adequately plans employee recruitment, on job training/sessions, job rotation and practical exposure so that a person can easily fill the needed role.

Employee Engagement

GTML always encourages relationship between the organization and its employees. In order to empower employee bonding and teamwork, different activities were planned during the year. Detail of some of the activities are as:

Recreational Pakistan Tour

The management of GTML took an initiative this year to introduce a recreational Pakistan tour. A total of ten employees were selected through an electronic balloting system based on certain criteria for visiting northern areas of Pakistan which included Hunza, Naran and Skardu. The fully paid trip was intended to create a team-building environment which in return can have constructive effects on overall work productivity of the employees. The employees had a great time together and they built strong bonding with each other.

Hajj Balloting

Hajj is an obligation of Islamic faith that every Muslim is required to undertake at least once in their lives. Keeping this in mind, GTML took a step forward in the accomplishment of this core responsibility of the employees and selected four employees through electronic balloting for this blessed journey in the current year, thus fulfilling the commitment of regarding employees as its valuable assets.

Annual Family Day

Employee revitalizing is essential for motivation, positive energy, and creativity. Considering this, GTML took the initiative of celebrating Annual Day at Lucky One Mall. In this event, the employees were invited with their families to have an engaging yet an amusing day out. The employees mingled with each other, socialized in a casual way and had a great time on thrilling rides of Onederland. It is one of the best employee engagement initiatives that we have practiced this year with the involvement of their families with the aim to ensure employee happiness and increased productivity.

Cricket Night

When it is the season of Cricket, this game seems to rule the roost. Keeping the Cricket World Cup spirit high, the Corporates planned to bring cricket frenzy employees closer. GTML organized Cricket Night at Kutchi Memon Cricket Ground Karachi. This cricket event helped reconnect employees with the game and revitalized them after weeks of hectic schedules. The game gave players a sense of courage to withstand the pressure of the field and perform with boosted team spirits. The event was a great success which was intended to create a better organizational culture and encourage physical activity in employees thus promoting healthy life style.

Women's Day Celebration

At GTML, we strongly believe in creating a non-discriminated workplace environment. With this zeal pf promoting balanced and diverse workplace, we celebrated International Women's Day 2019 on 8th March with the theme 'Balance for Better' because a balanced world is a better world. The session concluded with an acknowledgment of the incredible strength of women.

World No Tobacco Day

One of the other initiatives of GTML was to create awareness especially among youngsters about the fatal hazards of Tobacco use. Considering the hazards of Tobacco, GTML organized an awareness session for the employees so that they can abstain from consuming Tobacco and live a healthy life.

Training and Succession Planning

Training is the key to improve employee's performance and to help them achieve the required level of knowledge and skills needed for the job. In order to help them achieve those skills, the company organizes training activities both internally and externally. This year also many different training sessions were organized. Details of few external training sessions are as:

- **Mindset Development Program**

  A complete Mindset Development Program was designed and implemented in collaboration with Emprise Solutions. It started with the Training Need Analysis (TNA) of employees, after which the program was designed to cater the development needs of participants ranging from junior to middle level employees. The program consisted of 4 phases (Attitude, Listening & Speaking, Reading & Writing and Team work) where selected employees from every department of head office took part in it. The program worked very well in enhancing employees' skill sets and brining a positive mindset shift.

- **Leading Teams towards Goals**

  The other significant session was designed for HOD which emphasized on 'Leading teams towards Goals' and importance of KPIs development in order to achieve already developed organizational goals. These KPIs measurement are part of annual performance appraisals thus providing the management a chance to efficiently evaluate the overall performance of employees and to relate individual corporate goals with overall company goals.

Talent Acquisition and Management

Keeping its past practice, the Company's Talent acquisition team, this year also visits universities in different job fairs to recruit potential candidates and to strengthen the internal database. This provides fresh candidates an equal opportunity to get hired on market competitive remuneration packages.

Under Student Facilitation Program, the students of universities, ACCA and CA background get the chance to visit our factory premises and witness our state of the art production process. Also, Company provided them opportunity to discuss career propositions with HR and field professionals. The students also met and design their university projects in collaboration with technical, sales & marketing, finance and HR teams which provide them hands-on corporate experience and also strengthen their professional networking.

Strategic HR Forum

Exchanging information on challenges, experiences and goals is a key benefit of networking because it allows everyone to gain new insights. Keeping this in mind, a Strategic HR Forum was developed where HR department of four group companies (Gadoon Textile Mills Limited, Lucky Knits (Private) Limited, Lucky Textile Mills Limited and Yunus Textile Mills Limited collaborated in order to share helpful ideas, promote employee engagement and CSR activities, reinforce talent, and generate best market practices and policies.

Health and Safety

At GTML, we have a strong commitment towards ensuring that our employees work in a healthy and safe environment, but when and if the need arises, we have contingency action plans and the capacity to deal with such situations.

The HSE department of the Company has been further strengthened during the year through hiring of few more professionals, with the main aim to ensure that GTML is compliant of all International standards. This will not only portray good image of the Company but will also help in minimizing the calamities. Further, a well-managed dispensary at both the locations are maintained by the Company for the welfare of the employees, to ensure proper health and safety.

Moreover, various security and surveillance cameras have been installed throughout our factory premises and offices which are regularly monitored by security personnel to address the security concerns (if any). Safety drills are regularly carried out to train and educate employees for emergency situations.

social and environmental responsibility policy

The purpose of this policy is to set guidelines for GTML's objective to achieve sustainable protection of the environment, people and planet through creating shared values for business and society.

GTML is committed to creating a more equitable and inclusive society by supporting processes that lead to sustainable transformation and social integration. Our primary focus of social responsibility is to craft business policies that are ethical, equitable, environmentally conscious and gender-sensitive.

GTML shall strive to ensure the highest quality for its products and customer services together with maximum market outreach. GTML ensures that all social and environmental dimensions are considered when developing its strategies, policies, practices, and procedures.

Protecting the Environment

In order to protect the environment, GTML shall:

- Meet or exceed the requirements of relevant legislative, regulatory and environmental standards.
- Identify, reduce and dispose of waste arising from our operations in a manner that minimizes harm to the environment and prevents pollution of land, air, and water.
- Reduce the consumption of energy and water and use renewable and/or recyclable resources wherever practicable.

Supporting the communities

Sustainability and community development shall form a part of the Core Values at GTML.

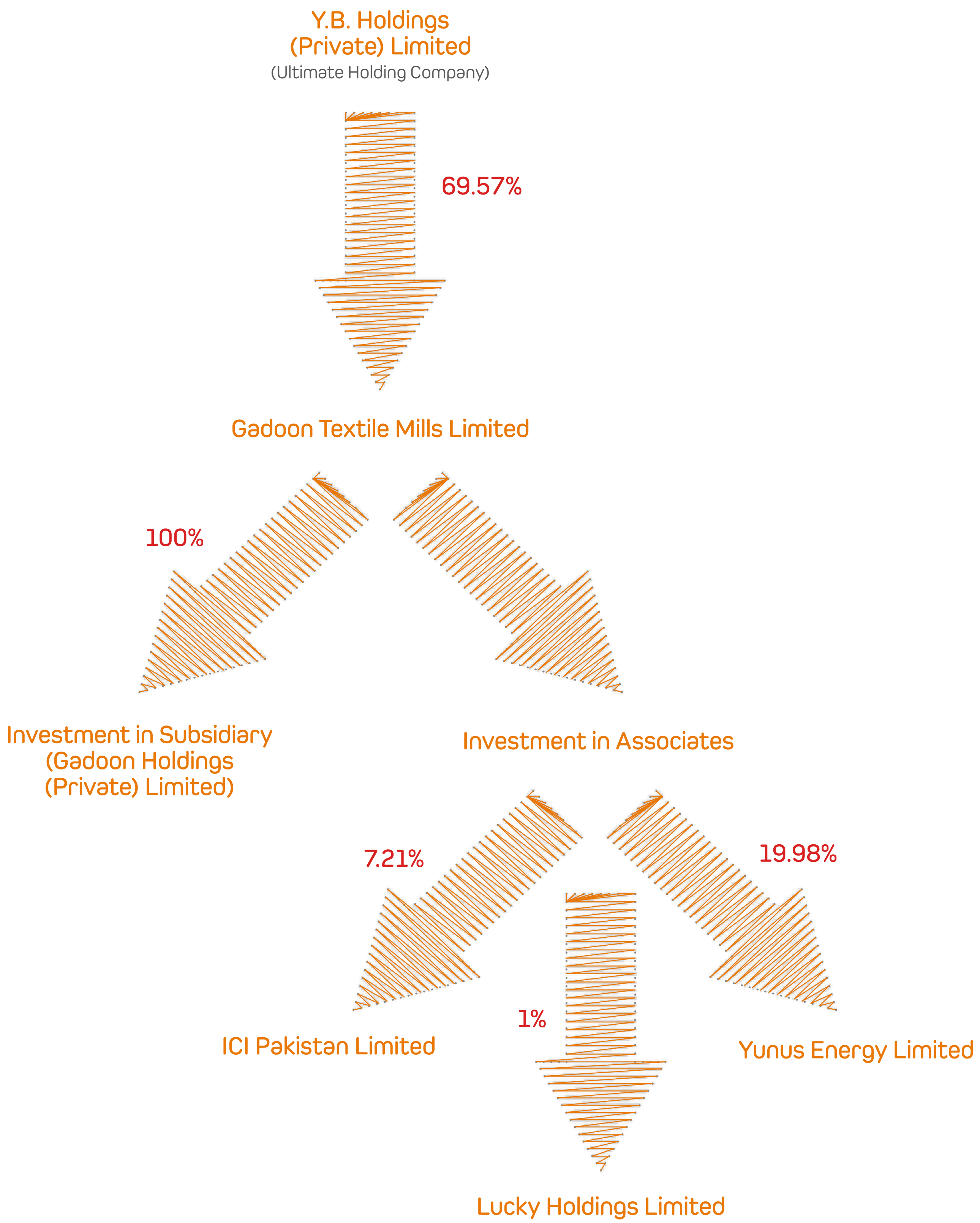
- As a responsible social entity, GTML shall provide support to national and local charities or entities to promote the cultural and economic development of local communities.
- GTML shall ensure community development and uplifting of the standards of living of the masses through interventions in health, education, and environment.
- GTML shall support the development of quality human resources in the Country by sponsoring scholarship programs at leading universities/ schools. Moreover, GTML shall support the provision of facilities/resources to such places of learnings.
- GTML shall provide free medical facilities through welfare dispensaries located at plant sites.
- GTML also encourages its employees to share their time and skills in a socially constructive manner for the development of society.

Our People

GTML recognizes that its human resources are its most valuable asset and it is committed to providing careers and working environments in which its people can achieve their full potential.

- GTML is dedicated to protecting human rights through its "Code of Conduct" and provision of equal opportunity to potential employees and practices all fair labor practices.
- GTML shall ensure that its activities do not directly or indirectly violate human rights at any of GTML's site (e.g. forced labor, child labor etc). As a policy, GTML does not hire minors as work-force.
- GTML shall provide employment to differently-abled persons wherever business requirements allow.
- GTML shall make every reasonable and practicable effort to provide safe and healthy working conditions in all its plants, sites and offices.

beneficial ownership / group shareholding



review report on the statement of compliance contained in listed companies (code of corporate governance) regulations, 2017

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF GADOON TEXTILE MILLS LIMITED

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Gadoon Textile Mills Limited (the Company) for the year ended June 30, 2019 in accordance with the requirements of Regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Deloitte Yousuf Adil

Chartered Accountants

Place: Karachi
Date: August 20, 2019

statement of compliance with listed companies (code of corporate governance) regulations, 2017

Name of Company: Gadoon Textile Mills Limited (the Company)
Year ended: June 30, 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:

   a. Male: 6
   b. Female: 1

2. The composition of board is as follows:

Category	Names
a) Independent Directors	Mr. Saleem Zamindar
	Mr. Zafar Masud
b) Other Non-Executive Directors	Mr. Muhammad Yunus Tabba (Chairman)
	Mr. Muhammad Ali Tabba
	Mr. Jawed Yunus Tabba
	Ms. Zulekha Tabba Maskatiya
c) Executive Director	Mr. Muhammad Sohail Tabba (CEO)

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this Company.

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. All the directors have acquired the prescribed certification under Directors' Training program specified and approved by the Commission.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

Committee	Name of members and Chairman
a) Audit Committee	Mr. Saleem Zamindar (Chairman)
	Mr. Zafar Masud
	Mr. Muhammad Ali Tabba
	Mr. Jawed Yunus Tabba
b) HR and Remuneration Committee	Mr. Saleem Zamindar (Chairman)
	Mr. Jawed Yunus Tabba
	Ms. Zulekha Tabba Maskatiya

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. The frequency of meetings of the committees were as per following:

Committee	Frequency of meetings
a) Audit Committee	Quarterly
b) HR and Remuneration Committee	Annually

15. The board has set up an effective internal audit function and its members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

Muhammad Yunus Tabba
Chairman

Muhammad Sohail Tabba
Chief Executive Officer

Karachi: July 26, 2019

role of chairman and ceo

Principally, Chairman is in charge of leadership of the Board and to guarantee that the Board plays a compelling part in satisfying every one of its duties. Whereas, Chief Executive Officer is an executive director and is responsible to act as the Head of the Company.

The Roles and Responsibilities of the Chairman include:

- Setting agendas for the board's consideration.
- Leading the board and discussing all proposals put forward by the executive team.
- Liaising and coordinating with sub-committee chairs.
- Identifying and participating in selection of the Board members and overseeing a formal succession plan for the Board, CEO, CFO and key senior management.
- Managing conflicts of interest and to maintain an effective team.
- Ensuring that good relations are maintained with the Company's strategic stakeholders.
- To ensure that stakeholders' trust and confidence is maintained in the company.

The Roles and Responsibilities of the CEO include

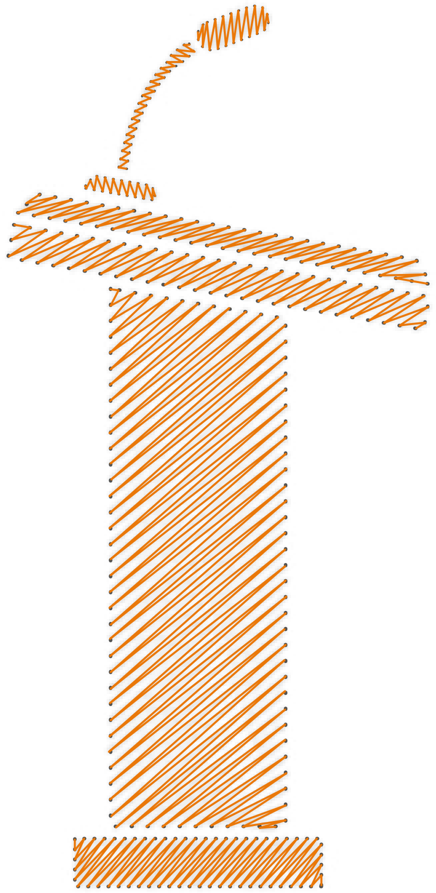
- Serving as Chief Representative of the Company.
- Overseeing the business operations and implementing the policies and strategies recommended and approved by the Board.
- Closely monitor the operating and financial results of the company against plans and budgets on a consistent basis.
- Ensuring that effective reporting mechanisms exist within the organization to provide feedback at all levels of management.
- Ensuring that the Company complies with all relevant laws and corporate governance principles and that these principles are recommended and adopted by the Board to mitigate key risks.
- Setting the tone in providing ethical leadership and creating an ethical environment.

Shares held by Sponsors / Directors / Executives

The total number of shares held by Sponsors / Directors as at June 30, 2019 are 19,519,106 i.e. 69.64% of the total paid-up capital of the Company.

No shares are held by any Executives of the Company.

The detailed breakup of shares has been mentioned in the section "Pattern of Shareholding" of this Annual Report.



board committee

Audit Committee

1) Mr. Saleem Zamindar (Chairman)
2) Mr. Zafar Masud
3) Mr. Muhammad Ali Tabba
4) Mr. Jawed YunusTabba

The Audit Committee comprises of four members. The Chairman of the Committee is an independent director. The Committee held five meetings during the year. The attendance of each member is disclosed in the "Directors' Report'.

Terms of Reference

The Terms of Reference of Audit Committee were presented to the members as required under the Code of Corporate Governance and the same were approved by the Board. Accordingly, contents of the same are as under:

Financial Reporting

- Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account views of the external auditor.
- Review of quarterly, half-yearly and annual financial statements of the Company prior to their approval by the Board of Directors, focusing on:
  1. Major judgmental areas, where different approaches are possible;
  2. Significant adjustments resulting from the audit;
  3. Going concern assumption;
  4. Any changes in accounting policies and practices, on a year by year basis;
  5. Compliance with applicable accounting standards;
  6. Compliance with listing regulations and other statutory and regulatory requirements; and
  7. All related party transactions.
- Review of preliminary announcements of results prior to publication.

Internal Controls and Risk Management System

- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- Review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Determination of appropriate measures to safeguard the Company's assets and detection of frauds; and
- Consideration of major findings as a result of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.

Compliance

- Determination of compliance with relevant statutory requirements;
- Review the adequacy and security of the Company's arrangements for its employees and its contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action; and
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof, receiving reports on non-compliance (if any).

External Audit

- Consider and make recommendations to the board in relation to the appointment, re-appointment, audit fees and removal of the Company's external auditor. The Committee shall oversee the selection process for a new auditor and, if an auditor resigns, the committee shall investigate the issues leading to such resignation and decide whether any action is required. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;

- Review the management letter and management's response to the auditor's findings and recommendations;
- Develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter; and
- Facilitating the external audit and discussion with external auditors on major observations arising from half-yearly review and annual audit, including any matter that the auditors may wish to highlight (in the absence of management, where necessary).

Reporting Procedure

- The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed; and
- The committee shall produce a report on its activities to Board of Directors.

Other Matters

- Be responsible for co-ordination of the internal and external auditors;
- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures
- Arrange for periodic reviews of its own performance and at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval; and
- Consideration of any other issue or matter as may be assigned by the Board of Directors.

Review of Terms of Reference

The terms of reference of the Committee may be revised and modified with the approval of the Board.

Human Resource and Remuneration Committee

1) Mr. Saleem Zamindar (Chairman)
2) Mr. Jawed Yunus Tabba
3) Ms. Zulekha Tabba Maskatiya

The Human Resource and Remuneration (HR&R) Committee comprises of three members. The Chairman of the Committee is an independent director. The Committee held one meeting during the year which was attended by all the members.

Terms of Reference

The terms of reference of the - HR&R Committee shall include the following:

- Recommended to the board for consideration and approval a policy framework for determining remuneration of directors and senior management preferably taking into consideration that such remuneration commensurate with the performance of the company and evaluation of board and management (as applicable). The definition of senior management will be determined by the board which shall normally include the first layer of management below the chief executive officer level;
- Undertaking annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment;
- Recommending human resource management policies to the board;
- Recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- Consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
- Reviewing the audit observations, if any, raised by the internal and external auditors of the company relating to the HR function.

Review of Terms of Reference

The terms of reference of the Committee may be revised and modified with the approval of the board.

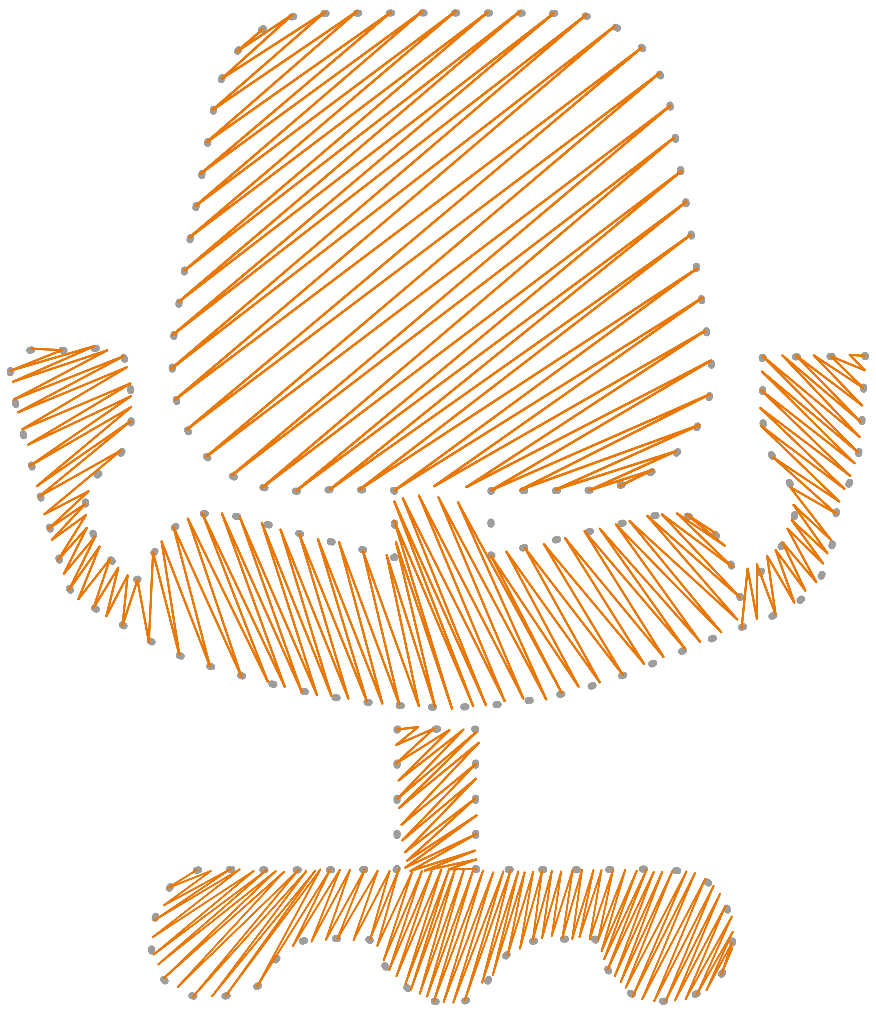
Budget Committee

1 Mr. Zafar Masud (Chairman)
2) Mr. Muhammad Ali Tabba
3) Mr. Muhammad Sohail Tabba
4) Mr. Jawed Yunus Tabba

The Budget Committee comprises of four members. The Chairman of the Committee is an independent director.

Terms of Reference

- To review and analyze the operational plans and annual budgets especially for revenues, expenses and capital expenditures as prepared by the management, according to specified parameters and to suggest any revisions before Board's consideration/approval;
- To recommend budget for Board's approval;
- To review budget variance on periodic basis; and
- To recommend any matter of significance in relation to budget to the Board of Directors.



report of audit committee

Audit Committee Report

The Audit Committee comprises of four members all of whom are either non-executive or independent directors and qualifies as 'financially literate'. The Chairman of the Committee is an independent director.

Meetings of the Audit Committee were held at least once in every quarter. Five meetings of the Audit Committee were held during the year 2018-19. The Audit Committee has concluded its annual review of the conduct and operations of the Company for the year ended June 30, 2019, and reports that:

- The Company has adhered, without any material departure, with the mandatory provisions of the Pakistan Stock Exchange, Code of Corporate Governance, Company's code of conduct and values and the best practices of governance throughout the year;
- The Company has issued a Statement of Compliance with the Code of Corporate Governance which has also been reviewed by the external auditors of the Company;
- The Company's Code of Conduct has been disseminated across the organization;
- Appropriate accounting policies have been consistently applied. All core and other applicable International Financial Reporting Standards were followed in the preparation of financial statements of the Company on a going concern basis for the financial year ended June 30, 2019, which represent fairly the state of affairs, results of operations, cash flows and changes in equity of the Company;
- Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with Companies Act, 2017 and the external reporting is consistent with management processes and adequate for shareholder needs;
- The financial statements comply with the requirements of the Fourth Schedule of the Companies Act, 2017 and the applicable International Financial Reporting Standards as notified by SECP;
- The Audit Committee reviewed quarterly, half-yearly and annual financial statements of the Company and recommended them for approval of the Board of Directors focusing on major judgmental areas (where different approaches are possible), significant adjustments resulting from the audit, going concern assumption used by the management, any changes in accounting policies and practices (on a year by year basis), compliance with applicable accounting standards, compliance with listing regulations and other statutory and regulatory requirements and all related party transactions. No significant issues have been identified by the committee in this respect;
- The Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) attended Audit Committee meetings by invitation;
- The CEO and the CFO have endorsed the financial statements of the Company. They acknowledge their responsibility for a true and fair presentation of the Company's financial statements, the accuracy of reporting and compliance with regulations and applicable accounting standards;
- The Audit Committee has reviewed all the related party transactions and recommended for the approval of the BOD;
- The Company's system of internal controls is designed to manage and minimize the risk of not achieving business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The Committee has ascertained that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- The Committee has reviewed the Annual Report and concluded that it is fair, balanced and understandable and that it also provided with the necessary information for the shareholders to assess the Company's position and performance, business model and strategy;

- The Committee has reviewed the "Whistle-Blowing Policy" as an arrangement for staff and management to report to the audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommended instituting remedial and mitigating measures. No material incidents regarding operations of the entity or otherwise were reported to the Audit Committee during the year; and
- The Board has the practice to carry out the annual evaluation of its committees and its members. The results of the evaluation carried out were found to be satisfactory.

Internal Audit

- The Chief Internal Auditor (CIA) also attended the Audit Committee meetings;
- The CIA has direct access to the Chairman of the Audit Committee and its members. The Internal Audit function has carried out its duties under the charter defined by the Committee;
- The CIA reports functionally to the Audit Committee and carries out the audits of different functions based on the Annual Audit Plan;
- For an appraisal of internal controls and monitoring compliance, the Company has in place as appropriately staffed, Internal Audit Department. The Committee reviewed the resources of the Internal Audit Department to ensure that they were adequate for the planned scope of the Internal Audit function; and
- The Audit Committee reviewed the internal audit reports presented by CIA which encompasses Audit findings, process improvement avenues, control weaknesses, and recommendation. A risk rating system is used on the basis of likelihood and impact and as a result, high to the low-risk rating is assigned. The Committee has evaluated the performance of the Internal Audit and found the results to be satisfactory.

External Audit

- The external auditors M/s. Deloitte Yousuf Adil, Chartered Accountants has been engaged as the external auditors of the Company since 2005;
- They were allowed direct access to the Audit Committee and necessary coordination with internal auditors were ensured;
- The Audit Committee has reviewed and discussed audit observations with the external auditors. The final Management Letter including such audit observations is required to be submitted within 45 days of the date of the Auditors' Report on the financial statements as required by the Code of Corporate Governance and shall, therefore, accordingly be discussed in the next Board Audit Committee meeting.
- The Audit Committee also separately meets the external auditors at least once a year without the presence of the management; and
- Being eligible for reappointment as Auditors of the Company, the Audit Committee has recommended the appointment of M/s. Deloitte Yousuf Adil, Chartered Accountants as external auditors of the Company for the year ending June 30, 2020.

Saleem Zamindar

Mr. Saleem Zamindar
Chairman Audit Committee

Karachi: July 26, 2019

Attendance in Annual General Meeting

Mr. Saleem Zamindar (the Chairman of Audit Committee) attended the Annual General Meeting of the Company for the year 2018 held on September 27, 2018, to answer shareholders concerns/question/ queries, if any, on audit committee's scope, roles and responsibility.

During the meeting no significant issues were raised.

where methodology thrives

Performance and Position

analysis of financial and non-financial performance

Financial Performance

a) Financial Performance in comparison with Prior year

During the year, despite the political uncertainties on account of election, trade war between Global Trade Giants, current account deficit and fierce competition with regional competitors, coupled with abrupt devaluation of currency and increase in interest and inflation rate, the consistent effort of the management has managed to get the positive bottom lines of Rs. 1,186.10 million as compared to Rs. 1,185.29 million SPLY.

The detail analysis of Company's performance in comparison to previous year has been detailed in the section Financial Results of Directors' Report. Further detail can also be viewed in the section Horizontal / Vertical Analysis of this annual report.

b) Financial Performance in comparison with Budget

The management has a practice of making yearly budgets and to monitor performance against the same. Deviation if any are bifurcated into controllable and non-controllable factors in order to assess the effectiveness of teams responsible for setting budget. For controllable factors, timely corrective actions are taken. For non-controllable factors, risk management policies are considered and strategies are designed to minimize its negative effect.

In the current year, the Company's sales are 5.8% less than budgeted, mainly on account of decrease in export sales, owing to trade war between USA and China.

Further, the increase in Finance Cost by 63% than budgeted, owing to increase in KIBOR rate has posted a negative impact on the results of the Company and accordingly the Company's actual net profit is 23% lower than the budgeted profit.

key performance indicators

Key Performance Indicators (KPIs) to measure Achievement against Objectives

Key Performance Indicators (KPIs) are the measurable values that determine the effectiveness and efficiency of achievement of the key business objectives. The Company has used the KPIs to evaluate the success of the business on reaching the targets. The business function of GTML evaluated through KPIs to measure achievement against objectives has been detailed below:

Financial Indicators

Indicator	2019	2018	% change
Revenue Rs. In million	31,217	27,555	13.29%
Operating Profit Rs. In million	2,767	2,048	35.11%
Profit before tax Rs. In million	1,668	1,474	13.16%
Profit after tax Rs. In million	1,186	1,185	0.08%
EBITDA Rs. In million	3,561	2,785	27.86%
EBITDA in %	11.41%	10.11%	12.86%
Equity Rs. In million	9,209	8,214	12.11%
Return on Capital employed in %	26.74%	25.33%	5.57%
Return on Fixed Assets in %	13.33%	15.56%	-14.33%
Earnings per share Rupees	42.32	42.29	0.07%
Market Capitalization Rs. In million	3,878	7,063	-45.10%
Capital Expenditure Rs. In million	2,839	1,119	153.71%
Net Cash from Operating Activity Rs. In million	986	(891)	210.66%
SoP from Associates Rs. In million	483	477	1.26%

Non-Financial Indicators

Capital Form	Objectives	KPI Monitored
Manufactured Capital	Investing in diversified businesses and aiming to explore the untapped markets	Invested in wind and solar projects and announced investments in hydel projects. The Dairy segment of Company also becomes operational on June 30, 2019.
	Implementation of innovative technology and techniques	Introduction of Business Intelligence Tool, Upgradation in Business Continuity Plan (BCP) and Use of Bio-Metric technology.
	Sustain Industry leadership	Significant CAPEX made during the year in technological advanced machines.
Human Capital	Provide a healthy working environment for our employees	Hiring of professionals for HSE department and implementation of organizational safety programs.
	Maintaining operational efficiencies	Results of External / Internal training sessions were evaluated and significant improvements in employees technical / interpersonal skills were noted.
Natural Capital	Encouraging best customs to support environmental sustainability	Actively participated this year in environmental sustainability activities including tree plantation and beach cleaning activity. Further also ensured efficient use of Cotton for manufacturing yarn.
Financial Capital	Sales maximization and Global Footprint	- Increase in sale of yarn in Local Market. - Increase in Export sales of Knitted fabric.
Social and Relationship Capital	Contribute effectively as a Corporate Entity	Active participation in events and activities for creating a Corporate image and building a sence of shared values and mutual respect.
Intellectual Capital	Achieve overall business synergies by maintaining operational efficiencies	Operational efficiencies of the Company are maintained by utilizing the strenght of high profile and skilled employees and along with the upgradation of IT system.

Budget

In addition to setting budgets for its financial indicators, the Company also places emphasize on its non-financial indicators and accordingly has allocated budget for development of its Manufactured / Human/ Social / Relationship Capital for the upcoming year.

The management continuously monitors the above KPIs and significant deviations from previous year are investigated for corrective actions to be taken. Further, the board also review these KPI on a quarterly basis. The management anticipates these KPI's to be relevant in the future in order to assess Company's performance.

Methods and Assumptions used in compiling the Indicators

The Company uses different set of method and assumption while compiling its financial and non-financial indicators.

For compiling non-financial indicator, the Company consider its market positioning, competitor's strength, employee's capabilities, working environment and technological advancement.

For financial indicators the Company analyses sales, gross profit, profit after tax, EPS, DPS and market value of its share on a regular basis to gauge its performance.

The Comparison of profit after tax to sales depict that how much Company is able to retain distributable profit for the provider of equity in comparison to its sales.

The Dividend payment indicates that how much Company wants to retain the amount from the distributable profits of shareholders for future business expansion / growth.

The Company also compare Market price of share with its book value to assess investors' confidence on the script.

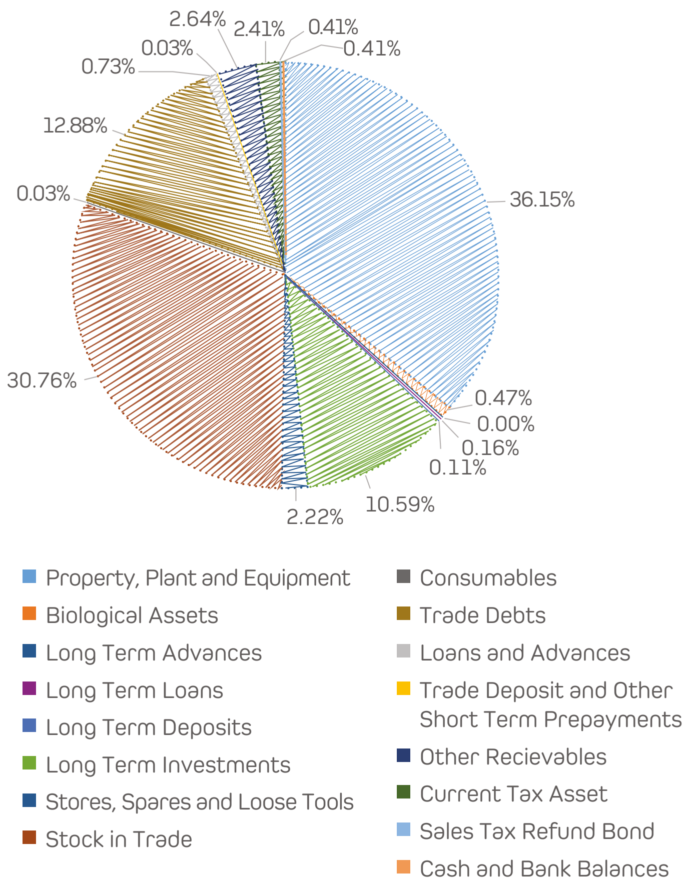
In addition, the Company also monitors cash flow from operating activities access to its liquidity position and working capital requirement.

six years at a glance

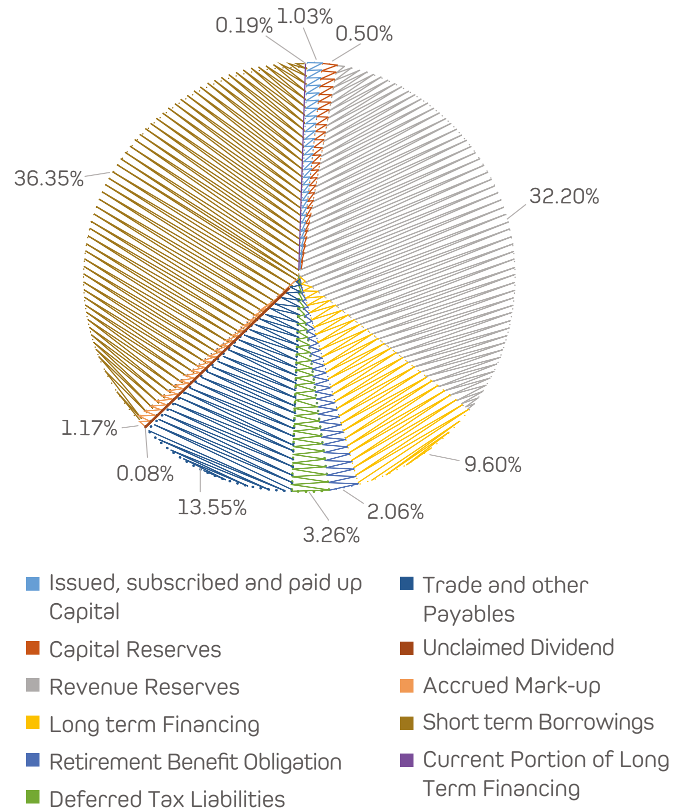
	2019	2018	2017	2016	2015	2014
	----------------------	----------------------	(Rupees In '000)	----------------------	----------------------	----------------------
Assets Employed						
Property, Plant and Equipment	9,870,359	7,791,928	7,447,694	7,727,013	8,322,228	5,997,051
Biological Assets	129,665	-	-	-	-	-
Long Term Loans, Deposits And Deferred Costs	72,804	63,050	51,180	41,340	46,788	31,846
Long Term Advances	-	-	-	-	-	-
Current Assets	14,342,045	12,600,632	10,028,260	9,132,266	10,281,321	8,697,492
Long Term Investments	2,890,606	2,686,920	2,472,715	2,194,332	1,683,343	1,358,798
Total Assets Employed	27,305,479	23,142,530	19,999,849	19,094,951	20,333,680	16,085,187
Equity and Liabilities						
Shareholder's Equity	9,209,433	8,213,510	7,366,723	6,533,605	6,817,519	6,499,577
Long Term Finance	2,622,363	594,338	-	-	-	8,905
Current Portion Of Long Term Finance	52,728	-	-	-	8,905	17,814
	2,675,091	594,338	-	-	8,905	26,719
Retirement benefit obligation	562,984	533,769	446,314	447,453	348,205	218,333
Deferred tax liabilities	890,390	696,275	668,382	642,313	648,707	468,123
Current Liabilities	14,020,309	13,104,638	11,518,430	11,471,580	12,519,249	8,890,249
Current Portion Of Loans	(52,728)	-	-	-	(8,905)	(17,814)
	13,967,581	13,104,638	11,518,430	11,471,580	12,510,344	8,872,435
Total Equity and Liabilities	27,305,479	23,142,530	19,999,849	19,094,951	20,333,680	16,085,187
Turnover And Profit						
Turnover	31,217,479	27,554,687	23,248,578	21,269,477	23,003,447	20,066,084
Gross Profit	2,892,723	1,944,890	1,328,793	726,192	1,129,822	1,932,166
Operating Profit	2,766,636	2,048,328	1,427,539	357,012	701,200	1,478,787
Profit / (Loss) Before Taxation	1,668,457	1,473,646	1,084,938	(92,164)	(90,281)	739,149
Profit / (Loss) After Taxation	1,186,102	1,185,296	806,986	(273,845)	(392,334)	580,799
Cash Dividend	238,251	434,459	140,148	-	-	117,188
Unappropriated Profit	7,064,263	6,068,340	5,221,553	4,388,435	4,672,349	5,162,077
Earnings Per Share (PKR)	42.32	42.29	28.79	(9.77)	(14.59)	24.78
Book Value Per Share (PKR)	328.56	293.03	262.82	233.10	290.88	277.32

graphical presentation of statement of financial position and profit or loss

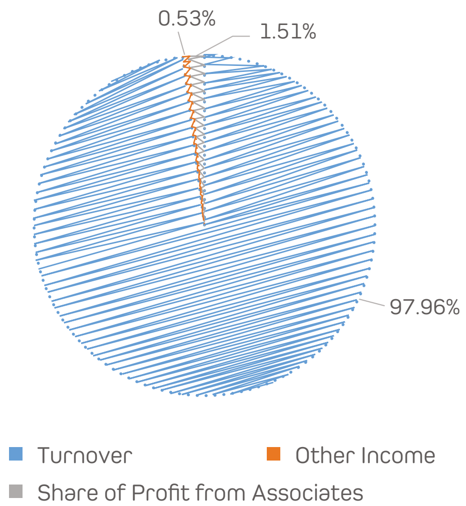
Total Assets



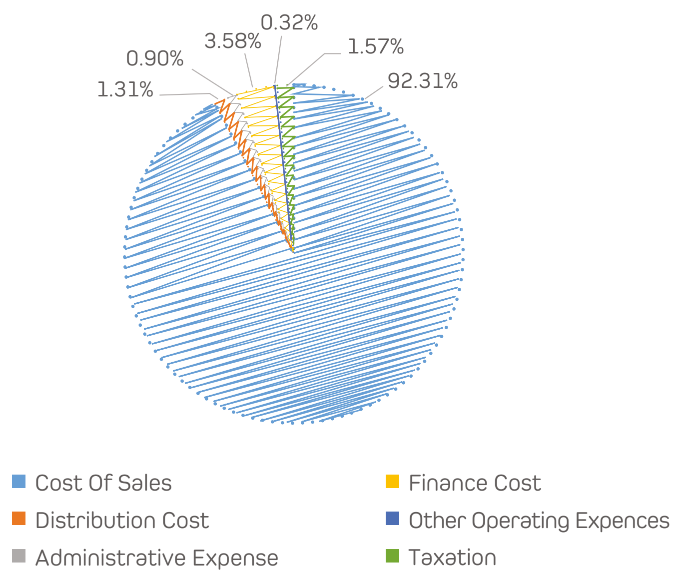
Total Equity and Liabilities



Income



Expense

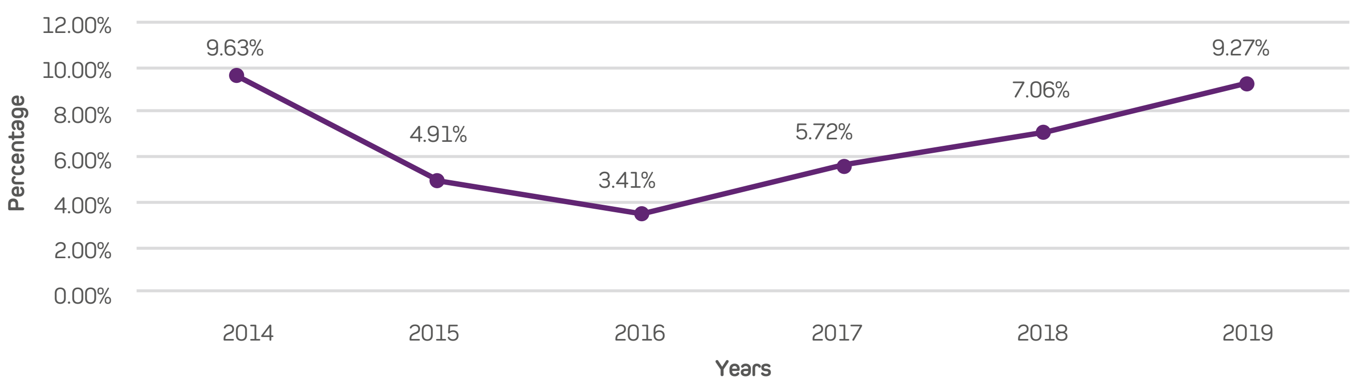


financial ratios

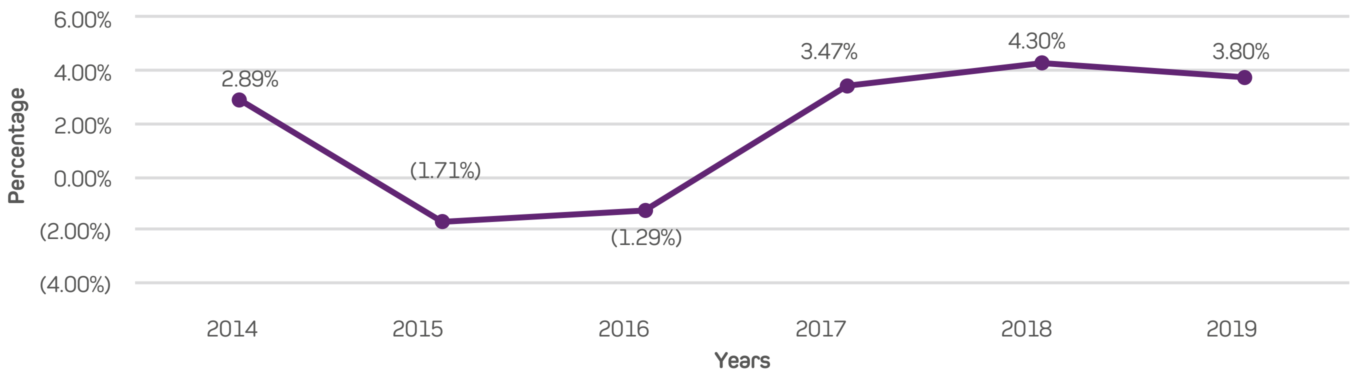
Profitabilty Ratios

	UoM	2019	2018	2017	2016	2015	2014
GP to sales	Percentage	9.27%	7.06%	5.72%	3.41%	4.91%	9.63%
PAT to sales	Percentage	3.80%	4.30%	3.47%	(1.29%)	(1.71%)	2.89%
EBITDA to sales	Percentage	11.41%	10.11%	9.34%	5.49%	6.43%	10.15%
Operating leverage	Times	2.64	2.35	32.23	6.51	(3.59)	(1.66)
Return on equity after tax	Percentage	13.62%	15.22%	11.61%	(4.10%)	(5.89%)	9.16%
Return on capita employed	Percentage	26.74%	25.33%	20.54%	5.34%	10.50%	23.19%
Return on fixed assets	Percentage	13.33%	15.56%	10.64%	(3.41%)	(5.48%)	10.10%

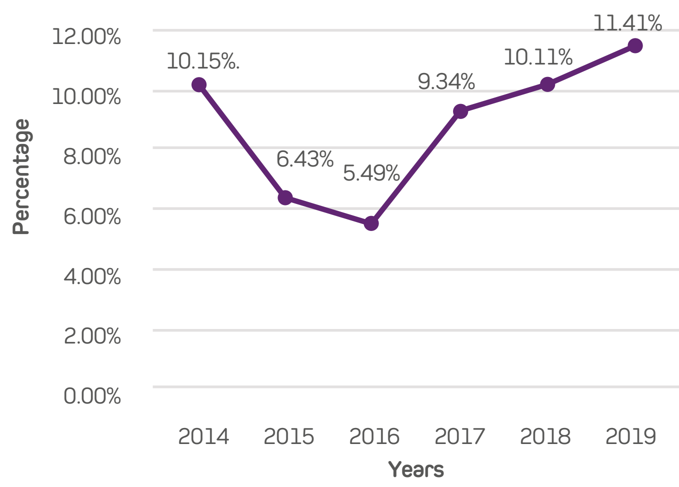
GP to sales



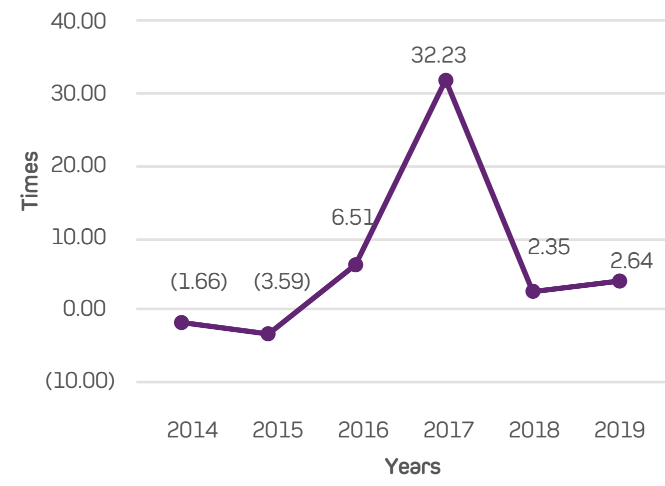
PAT to sales



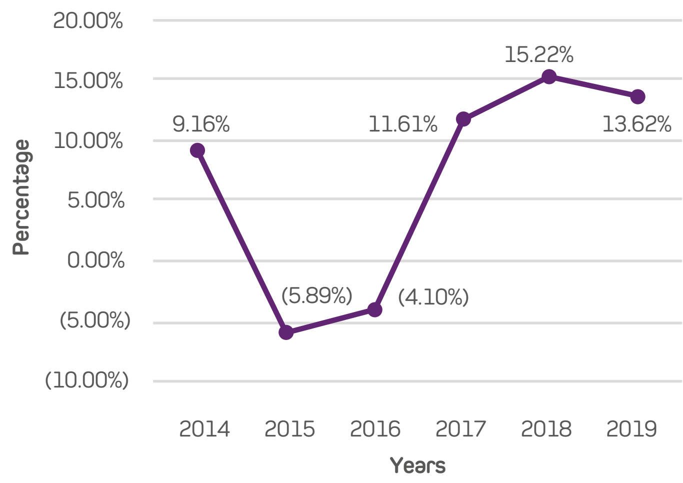
EBITDA to sales



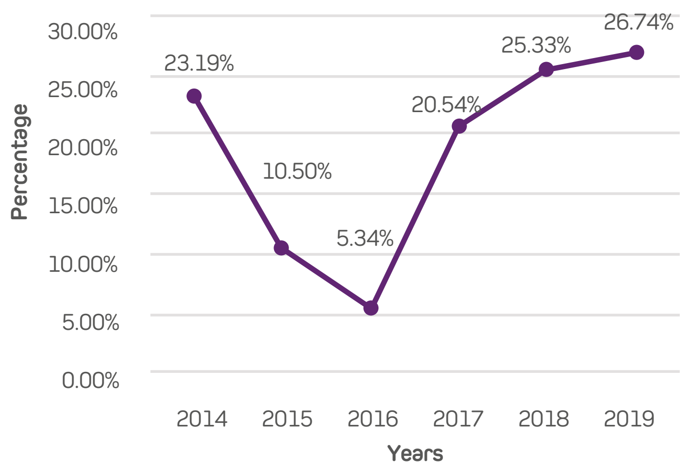
Operating leverage



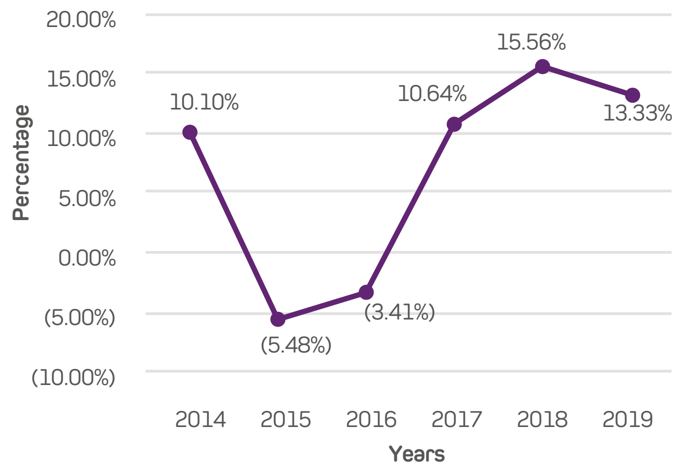
Retrun on equity after tax



Return on capital employed



Return on fixed assets



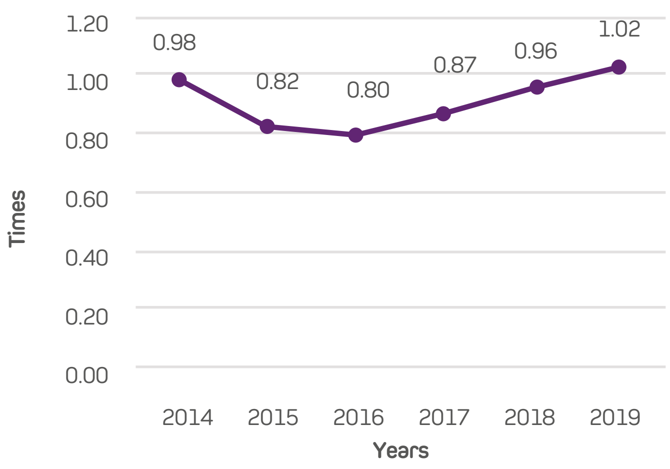
Comments:

Overall profitability ratios depicts improved trends for the last three years. Even though GP ratio has increased, but PAT to sales ratio has decreased on account of non-availability of rebate on export sales of yarn for this year, which contributed Rs. 355.64 million last year. As siginificant CAPEX has been made in the second half of current year, therefore the benefit of these investments will come in next year and accordingly return on fixed assets will improve in the upcoming years.

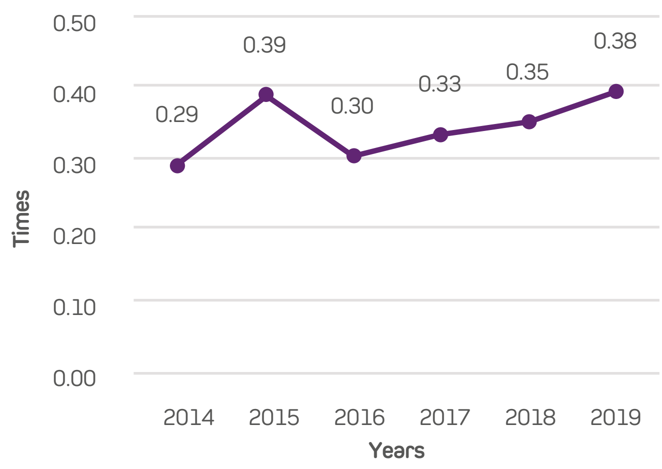
Liquidity Ratios

	UoM	2019	2018	2017	2016	2015	2014
Current ratio	Times	1.02	0.96	0.87	0.80	0.82	0.98
Quick ratio	Times	0.38	0.35	0.33	0.30	0.39	0.29
Cash to current liability	Times	0.01	0.01	0.01	0.03	0.04	0.04
Cash flow from operation to sales	Times	0.03	(0.03)	0.06	0.06	0.07	(0.03)

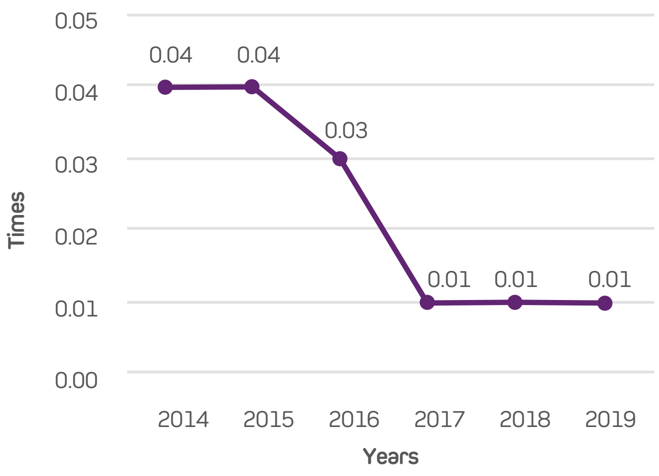
Current ratio



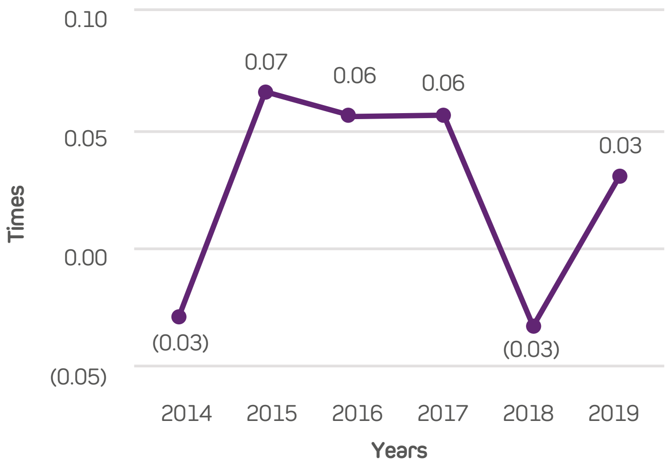
Quick ratio



Cash to current liability



Cash flow from operation to sales



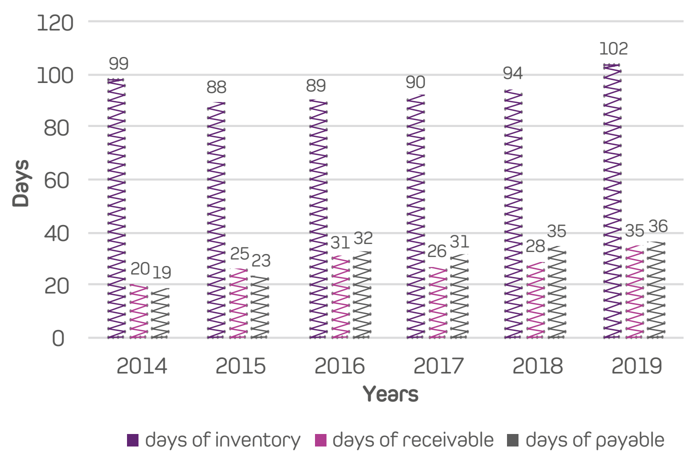
Comments:

Liquidity ratios have been consistent over the years mainly on account of strong working capital management policies. Current ratio of 1.02 as at June 30, 2019 is the highest since 2013.

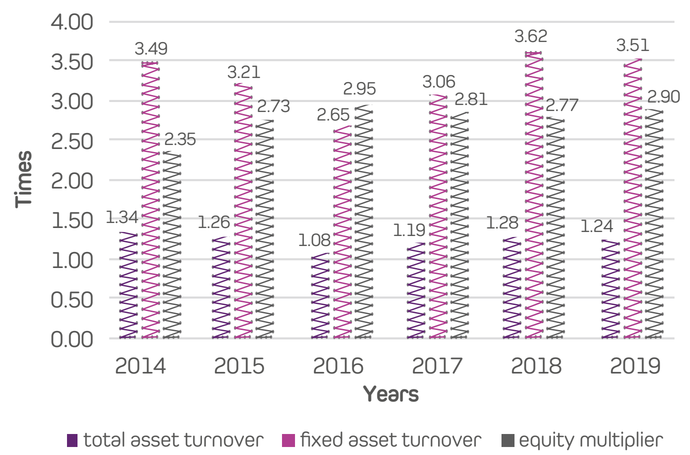
Operating Ratios

	UoM	2019	2018	2017	2016	2015	2014
Inventory turnover	Times	3.57	3.89	4.04	4.09	4.13	3.68
No of days in inventory	Days	102	94	90	89	88	99
Debtor turnover	Times	10.44	13.07	14.10	11.92	14.84	17.83
No of days in receivable	Days	35	28	26	31	25	20
Creditor turnover	Times	10.00	10.35	11.96	11.54	15.55	19.05
No. of days in payable	Days	36	35	31	32	23	19
Operating cycle	Days	101	87	86	88	90	100
Total Assets turnover	Times	1.24	1.28	1.19	1.08	1.26	1.34
Fixed Assets turnover	Times	3.51	3.62	3.06	2.65	3.21	3.49
Equity multiplier	Times	2.90	2.77	2.81	2.95	2.73	2.35

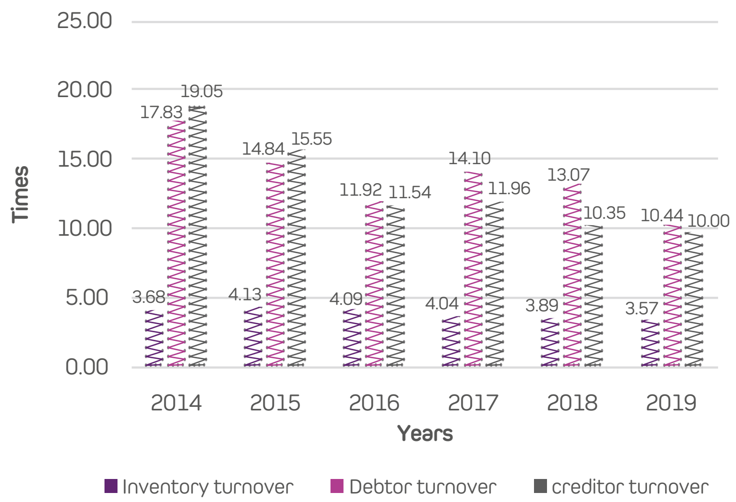
Working capital ratios (in Days)



Turnover ratios (in Times)



Working capital ratios (in Times)



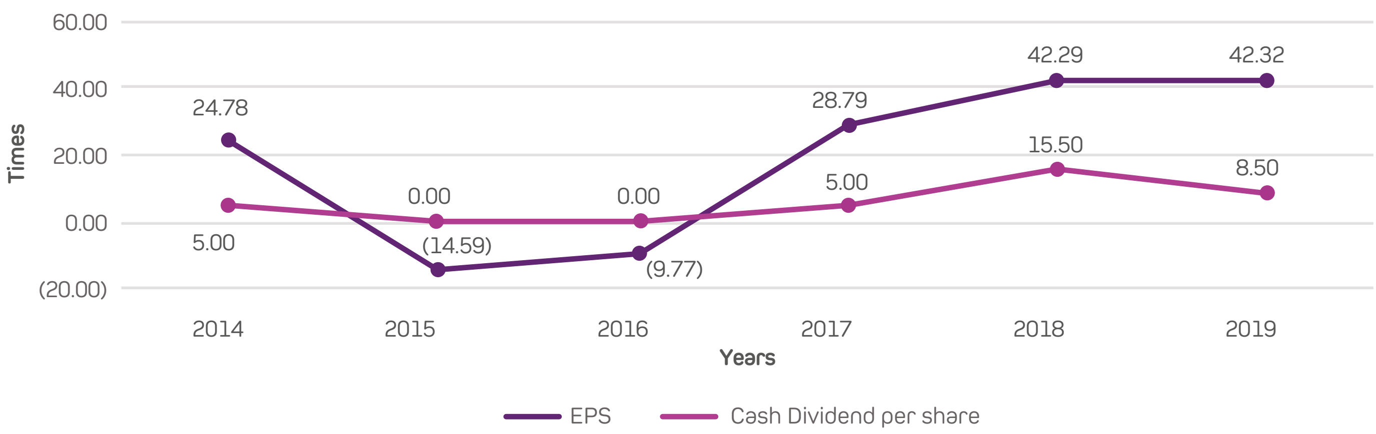
Comments:

Till previous year, the operating cycle of the Company had shown positive trend. However, during the current year, mainly on account of increase in trade debts (owing to increase in sales in the month of June 2019) and increase in inventory levels (to secure the risk of price increase), the operating cycle has increased. Fixed assets turnover and total assets turnover have decreased on account of significant CAPEX made during second half of this financial year as mentioned above in profitability ratios.

Market Ratios

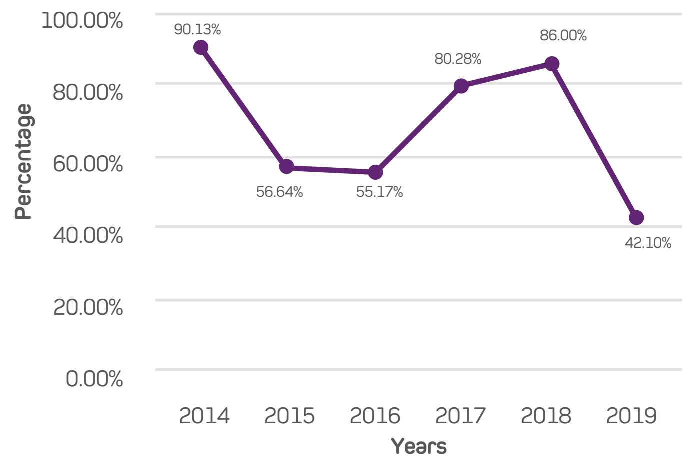
	UoM	2019	2018	2017	2016	2015	2014
EPS	Rupees	42.32	42.29	28.79	(9.77)	(14.59)	24.78
Price to earnings ratio	Times	3.27	5.96	7.33	-	-	10.09
Price / book ratio	Percentage	42.10%	86.00%	80.28%	55.17%	56.64%	90.13%
Dividend yield	Percentage	6.14%	6.15%	2.37%	-	-	2.00%
Dividend payout ratio	Percentage	20.09%	36.65%	17.37%	-	-	20.18%
Dividend cover	Times	4.98	2.73	5.76	-	-	4.96
Cash dividend per share	Rupees	8.50	15.50	05	-	-	05
Book value per share as at June 30th	Rupees	328.56	293.03	262.82	233.10	290.88	277.32
Market value per share as at June 30th	Rupees	138.34	252.00	211.00	128.59	164.76	249.95
Highest share price during the year	Rupees	315.00	264.00	323.62	153.20	332.18	332.44
Lowest share price during the year	Rupees	138.34	176.00	128.50	112.10	154.89	125.00

EPS vs DPS

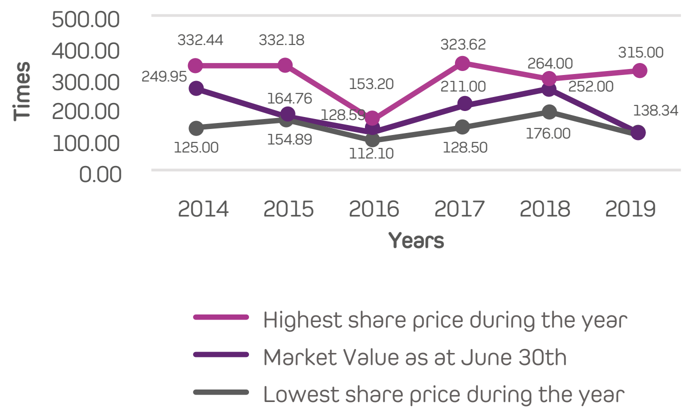


Earnings ratio

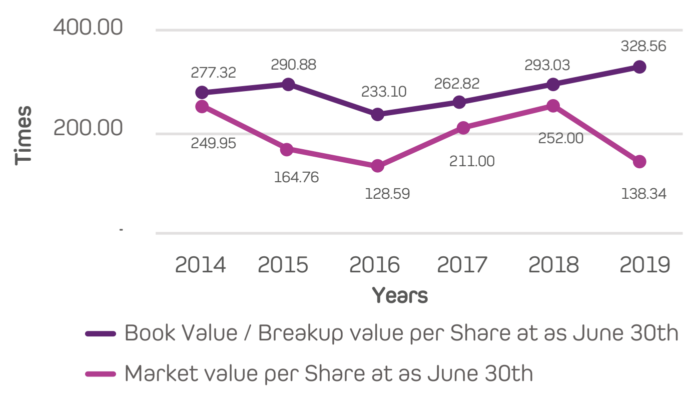
Price / book ratio



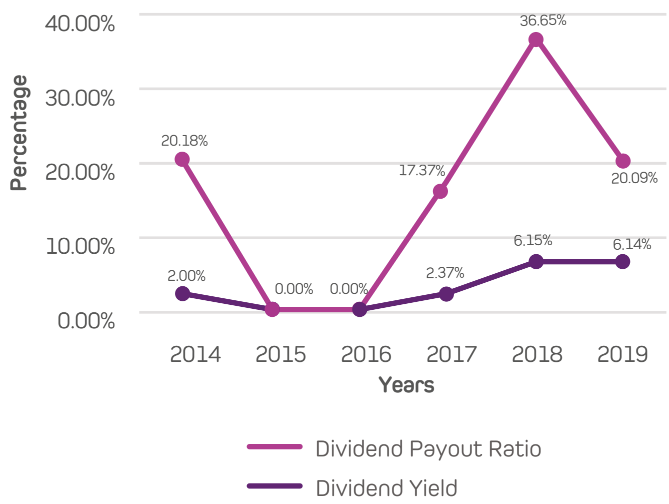
Market value



Book value vs market value



Dividend ratio



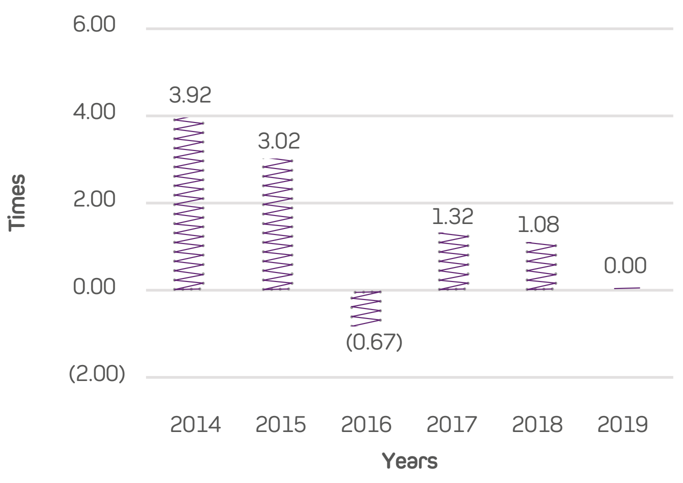
Comments:

On account of political / economic instability, the performance of PSX Index was on declining trend during the current year which resulted in decrease in market price of Company's share. The declining market price has impaired the Investment / Valuation ratios which had shown improvement till last year. However, EPS of the Company is highest since 2014 and Book value per share is highest of all times which indicates that Company's earning potential to create value for its stakeholders.

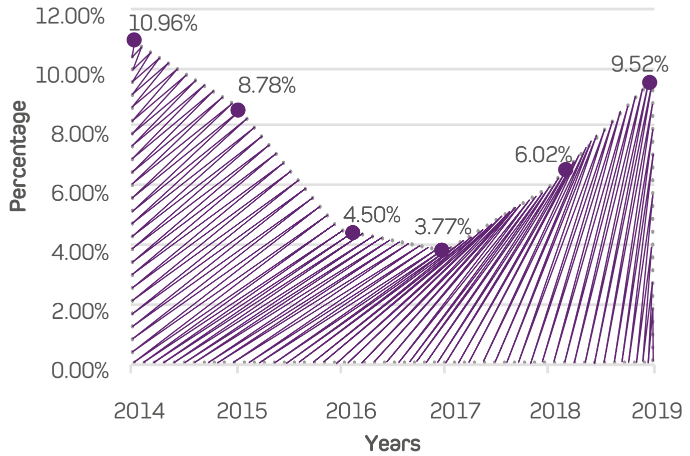
Capital Structure Ratios

	UoM	2019	2018	2017	2016	2015	2014
Degree of financial leverage ratio	Times	-	1.08	1.32	(0.67)	3.02	3.92
Weighted average cost of debt	Percentage	9.52%	6.02%	3.77%	4.50%	8.78%	10.96%
Debt to equity ratio (book value)	Percentage	29.05%	7.24%	-	-	0.13%	0.41%
Debt to equity ratio (market value)	Percentage	68.99%	8.41%	-	-	0.23%	0.46%
Interest coverage ratio	Times	2.52	3.56	4.17	0.79	0.89	2.00

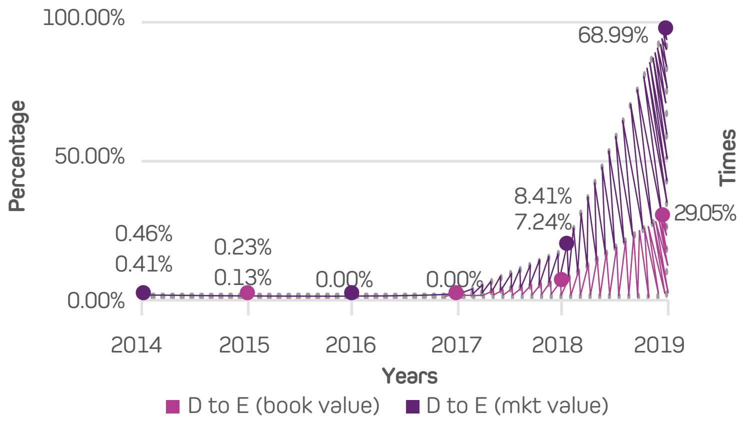
Degree of financial leverage ratio



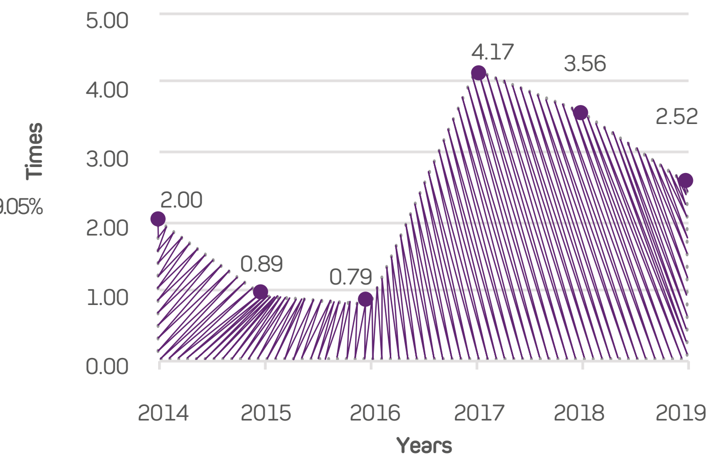
WAC of debt



Debt to equity ratios



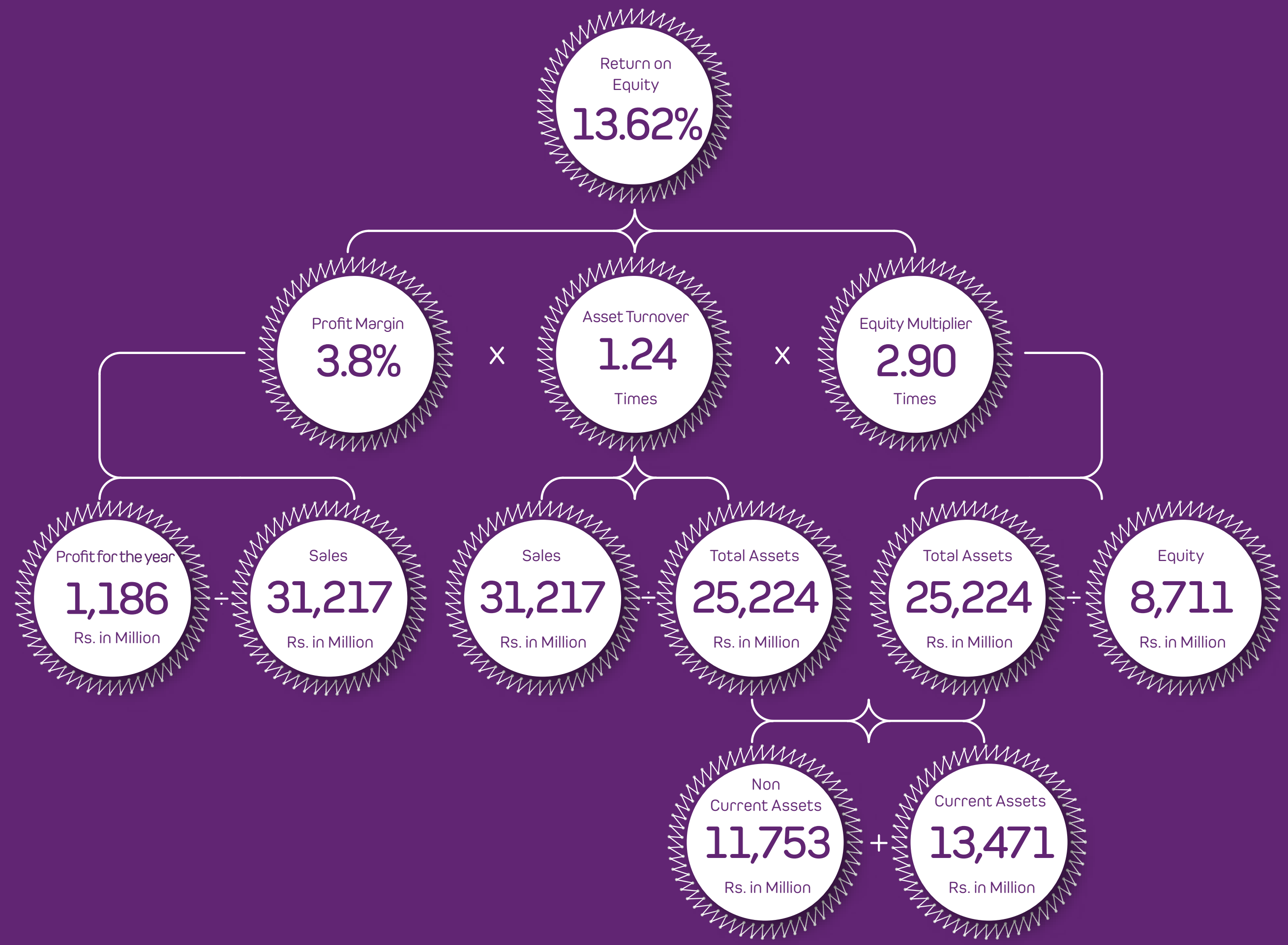
Interest coverage ratio



Comments:

The Company has availed the Long Term Finance Facility to finance its new Plant and machinery, which has resulted in an increase in Debt to Equity ratio from 7.24% to 29.05%. Further, on account of increase in KIBOR rates the finance cost of the Company has increase, accordingly interest coverage ratio for the year has decreased.

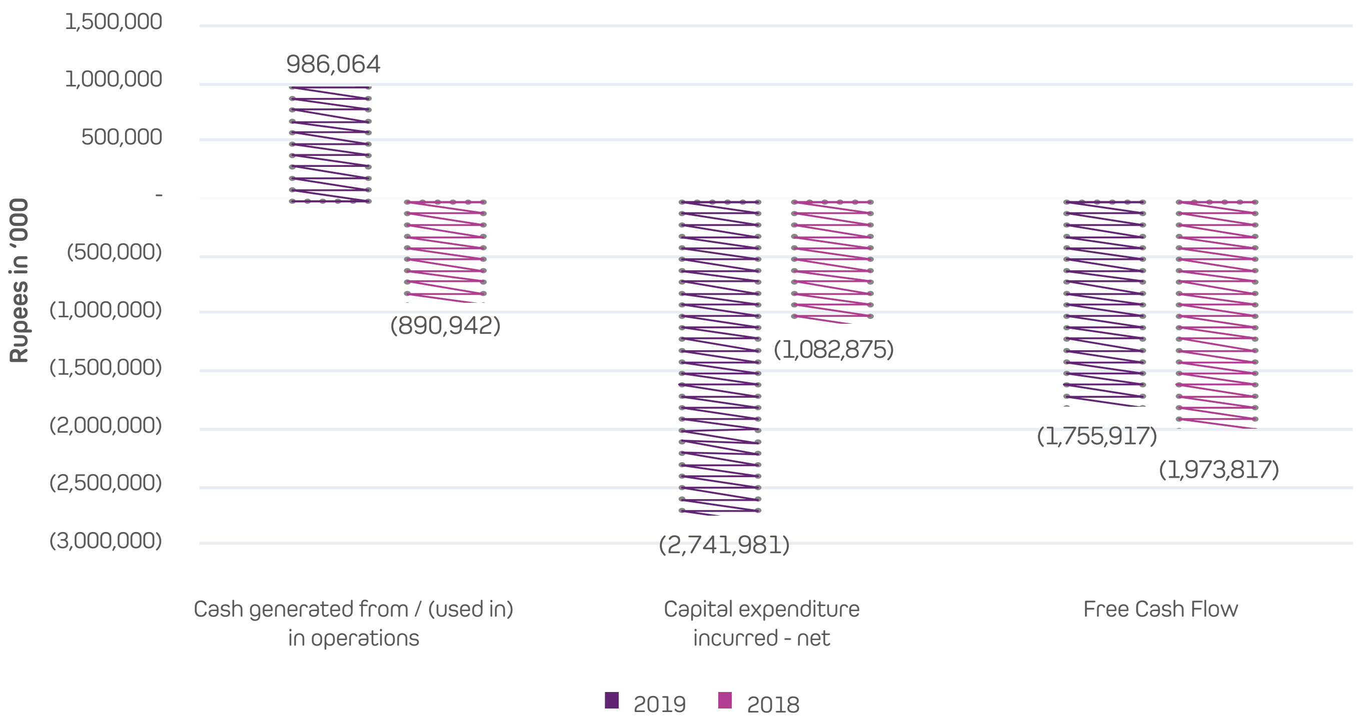
dupont analysis



Years	Profit Margin (A)	Asset Turnover (B)	Equity Multiplier (C)	ROE A x B x C
2019	3.80%	1.24	2.90	13.62%
2018	4.30%	1.28	2.77	15.22%
2017	3.47%	1.19	2.81	11.61%
2016	(1.29%)	1.08	2.95	(4.10%)
2015	(1.71%)	1.26	2.73	(5.89%)
2014	2.89%	1.34	2.35	9.16%

free cash flow

	2019	2018
	(Rupees in '000)	
Cash generated from / (used in) operations	986,064	(890,942)
Less: Capital expenditure incurred - net	(2,741,981)	(1,082,875)
Free Cash Flow	(1,755,917)	(1,973,817)

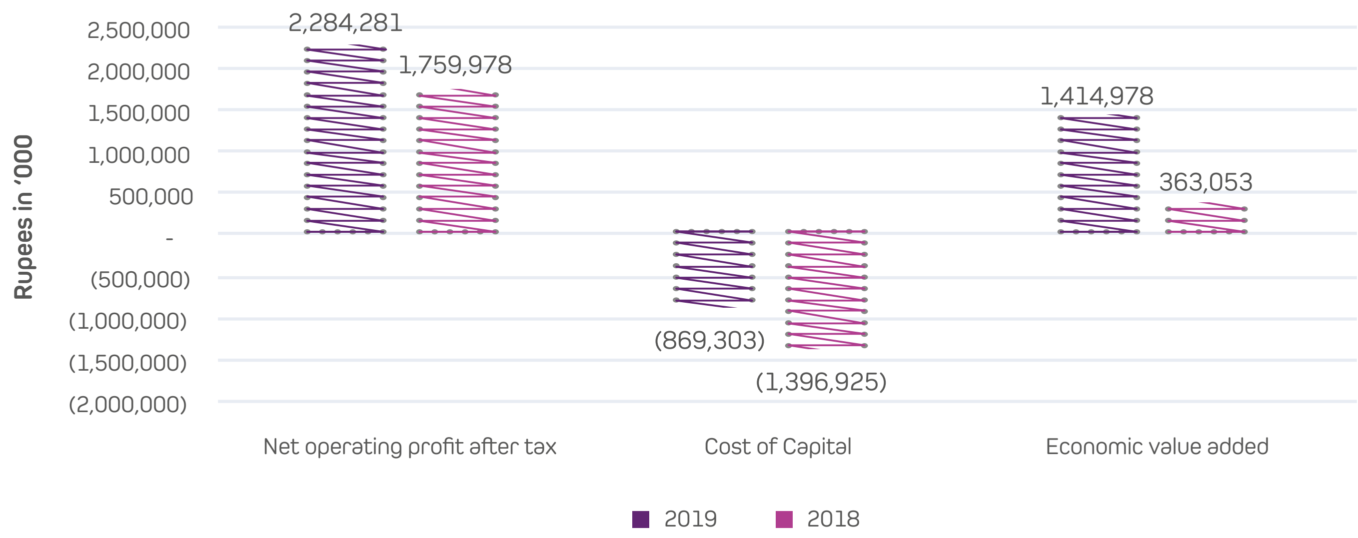


Comment:

Despite increase in capital expenditure by Rs. 1.66 billion in this year as compared to previous year, free cash flow has improved in the current year on account of improvement in cash generated from operating activities by Rs. 1.84 billion.

economic value added

	2019	2018
	(Rupees in '000)	
Net operating profit after tax	2,284,281	1,759,978
Cost of Capital	(869,303)	(1,396,925)
Economic value added	1,414,978	363,053
Cost of Capital		
Total Assets	27,305,479	23,142,530
Less: Current Liabilities	(15,420,955)	(14,334,682)
Invested Capital	11,884,524	8,807,848
WACC	7.31%	15.86%
Cost of Capital	869,303	1,396,925



Comment:

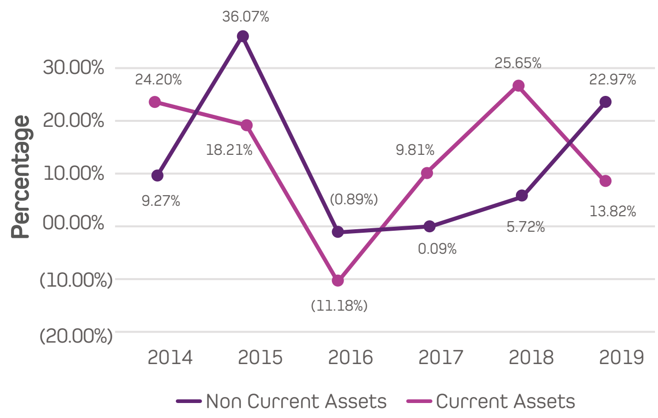
Economic value addition is better than last year as the Company has better operating profit and reduced WACC. WACC reduced mainly on account of decline in KSE All index over the period and long-term finance obtained by the Company for financing its capital expenditure

horizontal analysis

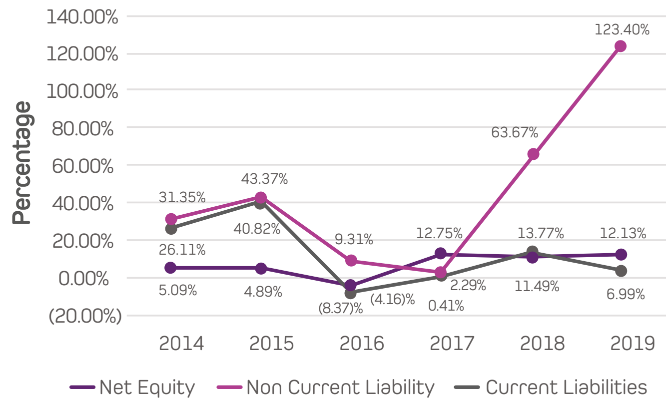
Statement of Financial Position - Horizontal Analysis

	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014	2014 vs 2013
Assets						
Non current assets						
Property, Plant and Equipment	26.67%	4.62%	(3.61%)	(7.15%)	38.77%	8.99%
Biological Assets	100.00%	-	-	-	-	-
Long Term Advances	-	-	-	-	-	-
Long Term Loans	23.62%	50.50%	44.18%	(25.42%)	100.81%	55.65%
Long Term Deposits	5.08%	0.05%	10.56%	0.41%	18.99%	-
Long Term Investment	7.58%	8.66%	12.69%	30.36%	23.88%	10.41%
	22.97%	5.72%	0.09%	(0.89%)	36.07%	9.27%
Current Assets						
Stores, Spares and Loose Tools	10.42%	11.70%	(4.68%)	(2.35%)	25.69%	17.39%
Stock in Trade	12.43%	31.03%	10.72%	5.17%	(14.11%)	37.35%
Consumables	100.00 %	-	-	-	-	-
Trade Debts	42.76%	40.75%	13.13%	(23.46%)	87.37%	(7.94%)
Loans and Advances	(30.32%)	9.31%	(2.15%)	15.14%	(16.54%)	150.70%
Receivable from Associates	-	-	-	(100.00)	-	-
Short Term Investments	-	-	(100.00%)	26.76%	21.91%	30.30%
Trade Deposit and Other Short Term Prepayments	(72.42%)	82.55%	(40.22%)	269.94%	96.12%	(52.12%)
Other Recievables	(24.86%)	3.23%	106.97%	19.81%	72.68%	0.04%
Current Tax Asset	1.07%	(8.63%)	0.29%	6.66%	7.93%	31.89%
Sales Tax Refund Bond	100.00 %	-	-	-	-	-
Cash and Bank Balance	(40.42%)	15.21%	(57.69%)	(23.51%)	52.63%	(30.89%)
	13.82%	25.65%	9.81%	(11.18%)	18.21%	24.20%
Total Assets	17.99%	15.71%	4.74%	(6.09%)	26.41%	16.87%
Equity & Liabilities						
Issued, Subscribed and paid-up Capital	-	-	-	19.59%	-	-
Capital Reserves	-	-	-	(84.10%)	738.67%	-
Revenue Reserves	12.78%	12.19%	13.62%	6.95%	(7.20%)	5.38%
Total Equity	12.13%	11.49%	12.75%	(4.16%)	4.89%	5.09%
Non Current Liabilities						
Long Term Financing	341.22%	100.00%	-	-	(100.00%)	(66.67%)
Retirement Benefit Obligation	5.47%	19.59%	(0.25%)	28.50%	59.48%	29.56%
Deferred Tax Liabilities	27.88%	4.17%	4.06%	(0.99%)	38.58%	40.08%
	123.40%	63.67%	2.29%	9.31%	43.37%	31.35%
Current Liabilities						
Trade and Other Payables	19.83%	11.12%	49.69%	(5.04%)	74.19%	0.13%
Unclaimed Dividend	2.13%	39.53%	(0.50%)	(0.37%)	36.67%	16.43%
Accrued Mark-up	145.09%	48.09%	92.23%	(65.96%)	(5.84%)	108.71%
Short Term Borrowings	0.63%	14.23%	(9.61%)	(8.19%)	36.98%	30.24%
Current portion of Long Term Financing	100.00 %	-	-	(1.00)	(0.50)	-
	6.99%	13.77%	0.41%	(8.37%)	40.82%	26.11%
Total Liability	21.21%	18.17%	0.57%	(7.06%)	41.00%	26.48%
Total Equity and Liability	17.99%	15.71%	4.74%	(6.09%)	26.41%	16.87%

Horizontal Analysis of Total Assets



Horizontal Analysis of Total Equity & Liabilities



Comments on Statement Of Financial Position - Horizontal Analysis

Property, Plant and Equipment

Property, Plant and Equipmentof the Company grew by 64% over past six years due to continuous capital expenditure on building and machines.

Long Term Investments

Long Term Investments have increased over the years on account of investments in new companies and increasing Share of profits from associates.

Stores, Spare parts & loose tools, Stock in trade and Trade debts

Stores, Spare parts & loose tools, Stock in trade and Trade debts increased over past six years on account of increase in operations and expansions.

Other Receivables

Other Receivables mainly include sales tax and rebate receivable. Sales tax refunds have shown both increasing / decreasing trends over the years and its recovery depends on multiple factors including but not limited to funds available at government treasury, pending verification of sales tax claim by sales tax department, status of sales tax audit.

Further, in the current year, significant amount was received in respect of rebate and resultantly the rebate receivable has reduced.

Current Tax Assets

Current Tax Assets have been consistent over the years mainly on account of pending verification of refund claim on the part of tax authorities.

Share Capital and Reserves

Share Capital and Reserves grew over last six years as the company continue to make profits; moreover, issuance of shares in 2015-16 in pursuant to amalgamation also resulted in increase in shareholders' equity.

Long-term Financing

In order to avail the benefit of reduced rate of financing, the Company this year has obtained additional long term financing facility for its new machines, which has resulted in an increase in long term finance.

Deferred tax liabilities

Deferred tax liabilities have increased over the years mainly on account of increase in CAPEX and share of profit from associates.

Current liabilities

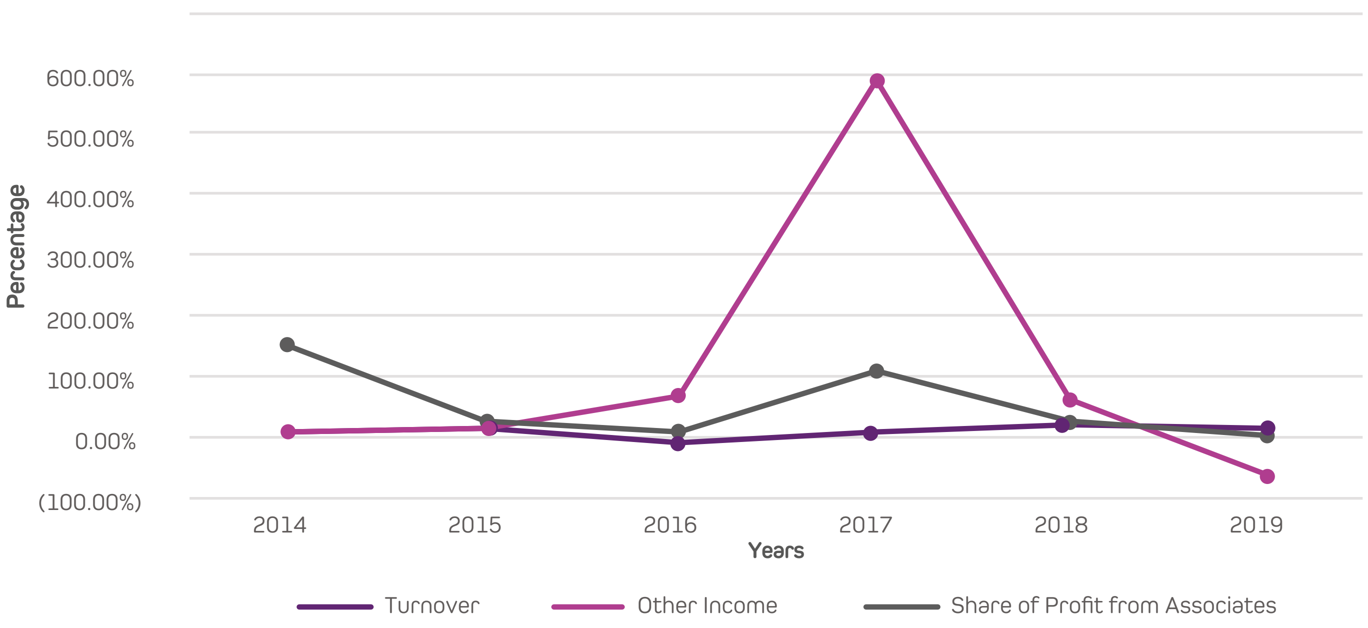
The Company has maintained its current liability at a manageable level. Current liabilities mainly increased due to accrued payments against import of raw material and increase in short-term finance to cater increased working capital requirement.

horizontal analysis

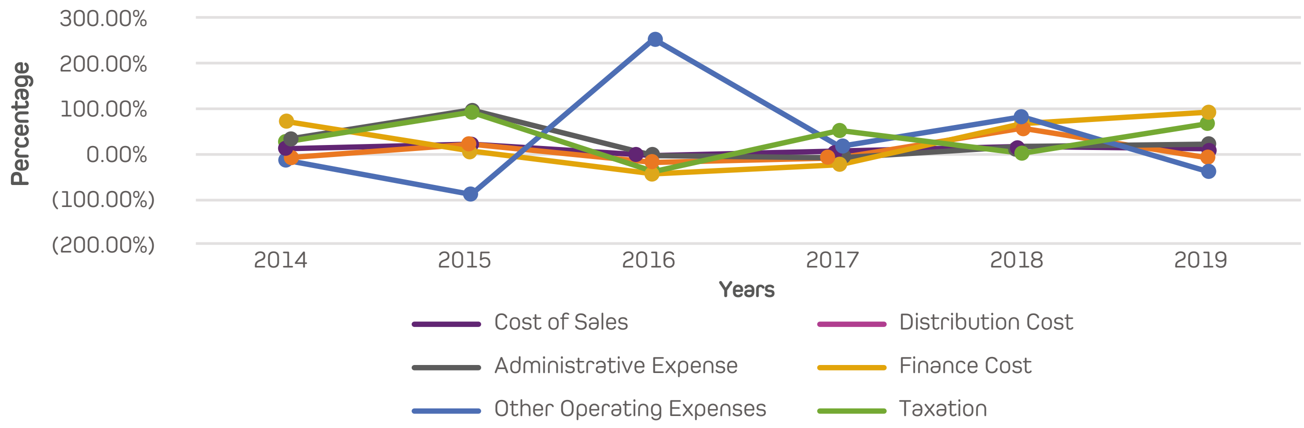
Profit or Loss - Horizontal Analysis

	2019 vs 2018	2018 vs 2017	2017 vs 2016	2016 vs 2015	2015 vs 2014	2014 vs 2013
Turnover	13.29%	18.52%	9.30%	(7.54%)	14.64%	7.46%
Cost of Sales	10.60%	16.83%	6.70%	(6.08%)	20.62%	10.39%
Gross Profits	48.73%	46.37%	82.98%	(35.73%)	(41.53%)	(13.99%)
Distribution Cost	(8.13%)	56.28%	(6.54%)	(19.14%)	20.63%	(6.52%)
Administrative Expense	23.52%	15.64%	(10.10%)	(4.92%)	97.03%	31.91%
Operating Profit	72.52%	50.09%	305.08%	(60.37%)	(64.73%)	(17.52%)
Finance Cost	91.09%	67.74%	(23.73%)	(43.25%)	7.01%	70.40%
Other Operating Expenses	(38.80%)	80.73%	15.66%	253.60%	(88.22%)	(14.07%)
Other Income	(62.41%)	61.77%	588.10%	65.25%	11.50%	7.46%
Share of Profit of Associates	1.13%	24.23%	110.14%	10.14%	25.49%	150.53%
Profit Before Taxation	13.22%	35.83%	1277.18%	(2.09%)	(112.21%)	(41.06%)
Taxation	67.28%	3.74%	52.99%	(39.85%)	90.75%	27.50%
Profit for the year	0.07%	46.88%	394.69%	30.20%	(167.55%)	(48.60%)

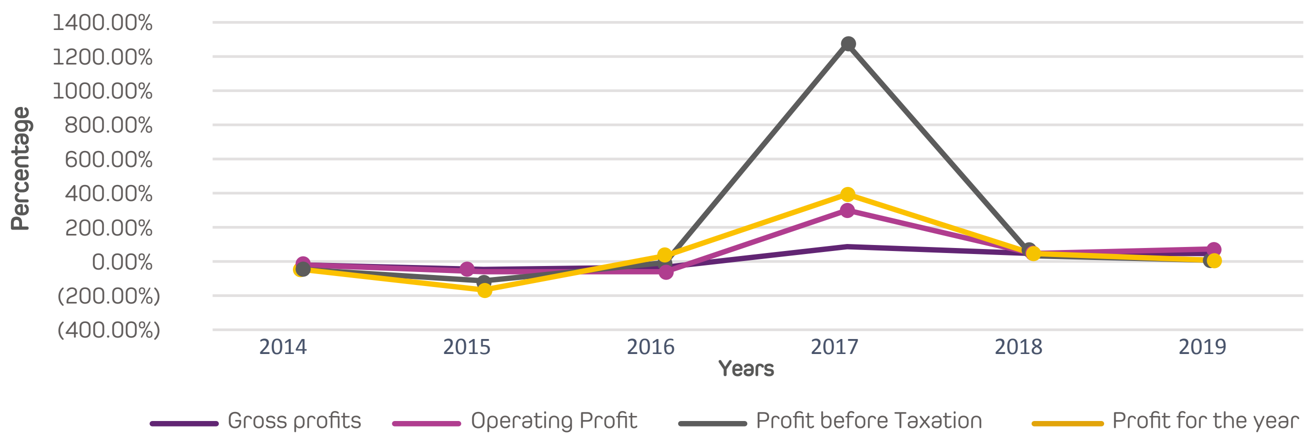
Horizontal Analysis of Income



Horizontal Analysis of Expense



Horizontal Analysis of Profit



Comments on Profit or Loss - Horizontal Analysis

Turnover

Turnover increased over past six years mainly on account of aggressive marketing strategy including identification of new markets (locally and internationally) and widening product range, along with appreciation in market prices.

Gross profit

Steady increase in gross profit over last four years shows prosperous growth of the Company. The increase in GP is mainly attributable to better market price of the product along with procuring the right mix of raw material at the most economical rates.

Finance Cost

Finance cost of the Company was on declining trend till the year 2017 and increased significantly for the last two years mainly on account of increasing working requirements and increase in KIBOR rates.

Further, on account devaluation of currency, the Company, last year, shifted its exposure from foreign currency denominated borrowings into local borrowings and resultantly this also resulted in increase in finance cost.

Net profit

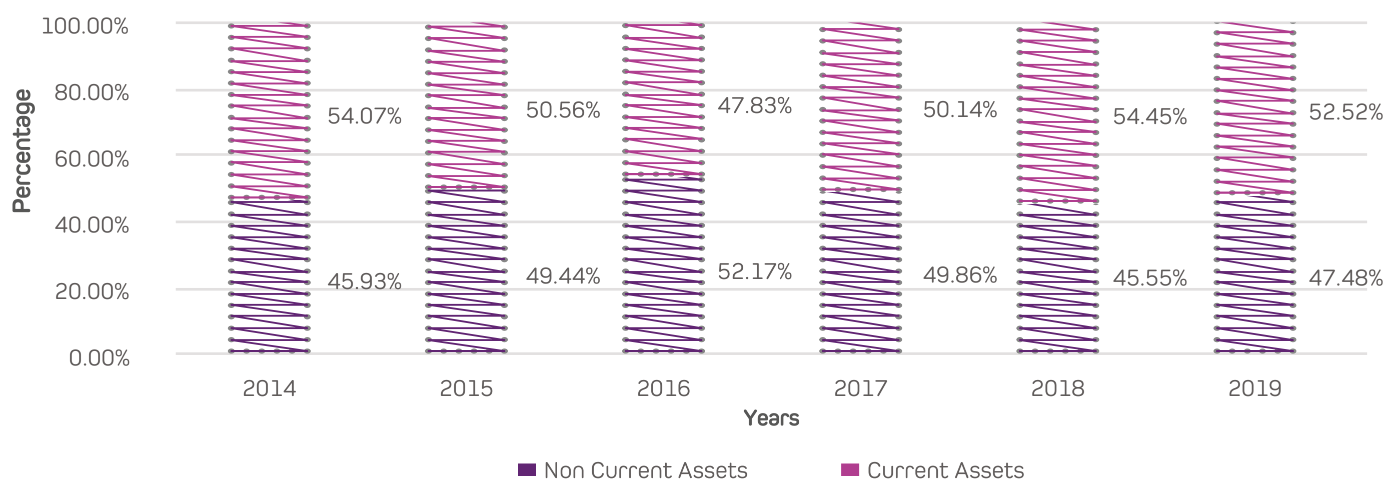
In addition to the factors mentioned above, net profit during last three years has shown improvement due to return from strategic investments and export rebate on yarn for the year 2017 and 2018.

vertical analysis

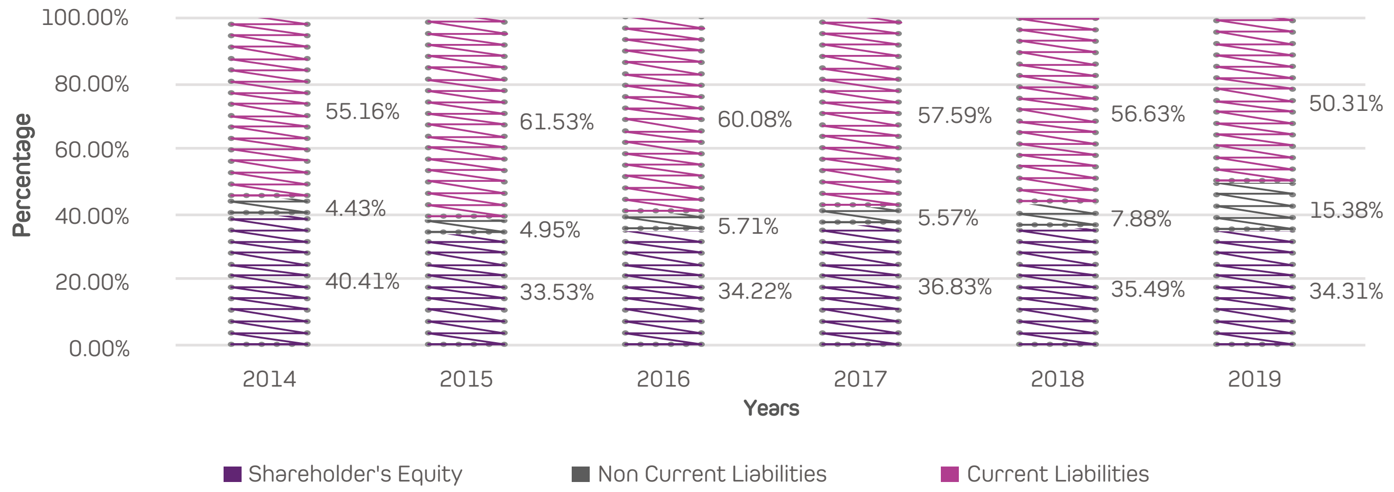
Statement Of Financial Position – Vertical Analysis

	2019	2018	2017	2016	2015	2014
Assets						
Non current assets						
Property, Plant and Equipment	36.15%	33.67%	37.24%	40.47%	40.93%	37.28%
Biological Assets	0.47%	-	-	-	-	-
Long Term Advances	-	-	-	-	-	-
Long Term Loans	0.16%	0.15%	0.12%	0.09%	0.11%	0.07%
Long Term Deposits	0.11%	0.12%	0.14%	0.13%	0.12%	0.13%
Long Term Investments	10.59%	11.61%	12.36%	11.49%	8.28%	8.45%
	47.48%	45.55%	49.86%	52.17%	49.44%	45.93%
Current Assets						
Stores, Spares and Loose Tools	2.22%	2.37%	2.46%	2.70%	2.60%	2.61%
Stock in Trade	30.76%	32.28%	28.50%	26.96%	24.08%	35.43%
Consumables	0.03%	-	-	-	-	-
Trade Debts	12.88%	10.65%	8.75%	8.10%	9.94%	6.71%
Loans and Advances	0.73%	1.24%	1.31%	1.41%	1.15%	1.74%
Receivable from Associates	-	-	-	-	4.86%	-
Short Term Investments	-	-	-	0.40%	0.29%	0.30%
Trade Deposit and Other Short Term Prepayments	0.03%	0.14%	0.09%	0.15%	0.04%	0.03%
Other Recievables	2.64%	4.14%	4.64%	2.35%	1.84%	1.35%
Current Tax Asset	2.41%	2.81%	3.56%	3.72%	3.28%	3.84%
Sales Tax Refund Bond	0.41%	-	-	-	-	-
Cash and Bank Balance	0.41%	0.82%	0.82%	2.03%	2.49%	2.06%
	52.52%	54.45%	50.14%	47.83%	50.56%	54.07%
Total Assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Equity & Liabilities						
Issued, subscribed and paid up Capital	1.03%	1.21%	1.40%	1.47%	1.15%	1.46%
Capital Reserves	0.50%	0.59%	0.69%	0.72%	4.25%	0.64%
Revenue Reserves	32.20%	33.69%	34.74%	32.03%	28.12%	38.31%
Total Equity	33.73%	35.49%	36.83%	34.22%	33.53%	40.41%
Non Current Liabilities						
Long Term Financing	9.60%	2.57%	-	-	-	0.06%
Retirement Benefit Obligation	2.60%	2.31%	2.23%	2.34%	1.71%	1.36%
Deferred Tax Liabilities	3.26%	3.01%	3.34%	3.36%	3.19%	2.91%
	14.93%	7.88%	5.57%	5.71%	4.90%	4.32%
Current Liabilities						
Trade and Other Payables	13.55%	13.35%	13.90%	9.72%	9.62%	6.98%
Unclaimed Dividend	0.08%	0.09%	0.08%	0.08%	0.08%	0.07%
Accrued Mark-up	1.17%	0.56%	0.44%	0.24%	0.66%	0.88%
Short Term Borrowings	36.35%	42.63%	43.18%	50.03%	51.17%	47.23%
Current Portion of Long Term Financing	0.19%	-	-	-	0.04%	0.11%
	51.35%	56.63%	57.59%	60.08%	61.57%	55.27%
Total Liability	66.27%	64.51%	63.17%	65.78%	66.47%	59.59%
Total Equity and Liability	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Vertical Analysis of Total Assets



Vertical Analysis of Total Equity and Liabilities



Comments on Statement Of Financial Position - Vertical Analysis

Property, Plant and Equipment

Ratio of fixed asset to total assets has remain in line over the last 6 years. This is an evidence of the fact that Company place strong emphasize in machineries and keep itself regularly updated with the latest technological advancement.

Trade Debtors

Trade debtors have increased over the last four years which is mainly due to change in sales mix.

Equity / Long term finance

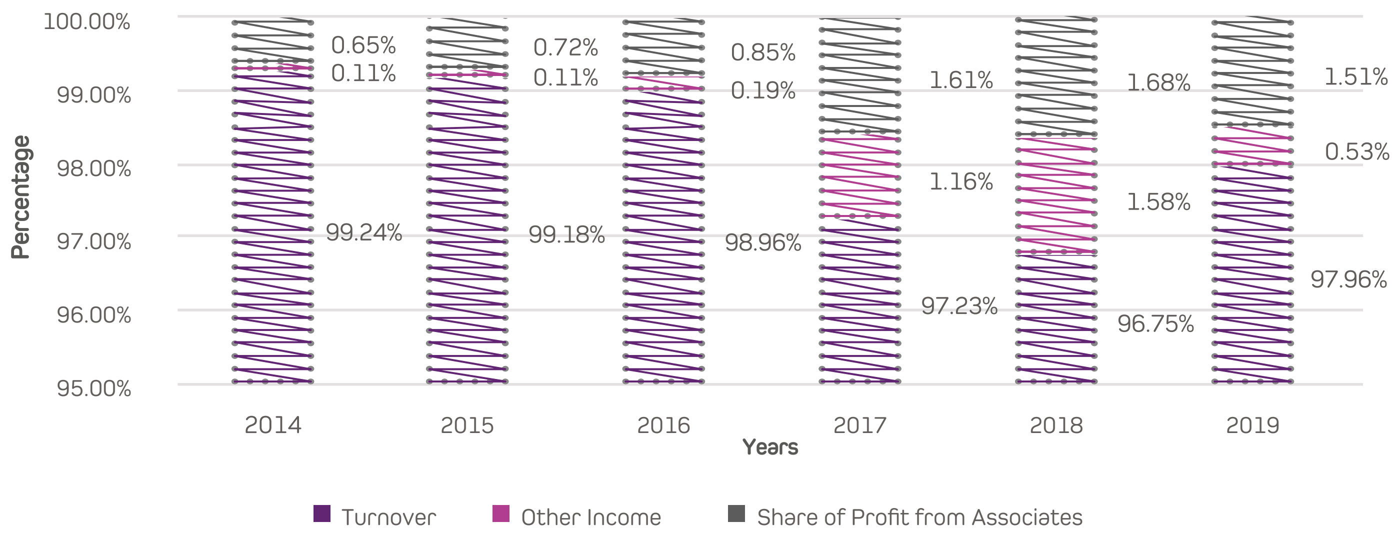
Company has started to obtained long term finance facility from the year 2018, which has resulted in increase in long term finance percentage. Resultantly equity and short term borrowing have decrease on percentage basis.

vertical analysis

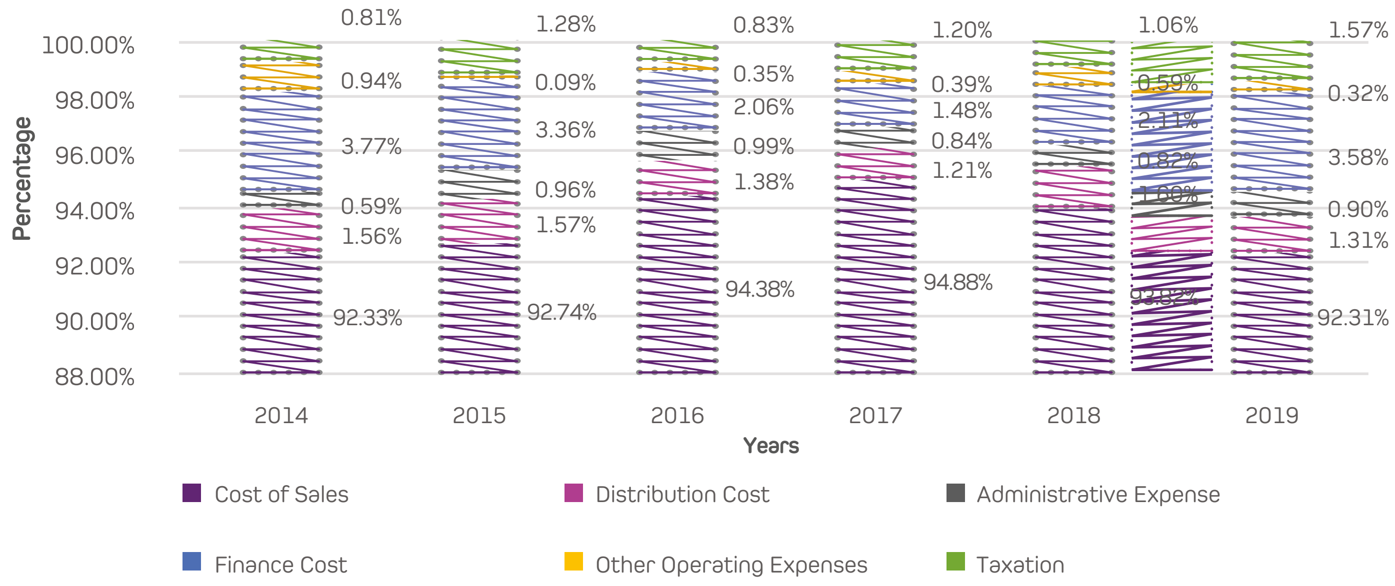
Profit or Loss - Vertical Analysis

	2019	2018	2017	2016	2015	2014
Turnover	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of Sales	90.73%	92.94%	94.28%	96.59%	95.09%	90.37%
Gross profits	9.27%	7.06%	5.72%	3.41%	4.91%	9.63%
Distribution Cost	1.29%	1.59%	1.20%	1.41%	1.61%	1.53%
Administrative Expense	0.89%	0.81%	0.83%	1.01%	0.99%	0.57%
Operating Profit	7.09%	4.66%	3.68%	0.99%	2.32%	7.53%
Finance Cost	3.52%	2.09%	1.47%	2.11%	3.44%	3.69%
Other Operating Expenses	0.32%	0.59%	0.38%	0.36%	0.09%	0.92%
Other Income	0.54%	1.63%	1.19%	0.19%	0.11%	0.11%
Share of Profit from Associates	1.55%	1.73%	1.65%	0.86%	0.72%	0.66%
Profit before Taxation	5.34%	5.35%	4.67%	(0.43%)	(0.39%)	3.68%
Taxation	1.55%	1.05%	1.20%	0.85%	1.31%	0.79%
Profit for the year	3.80%	4.30%	3.47%	(1.29%)	(1.71%)	2.89%

Vertical Analysis of Total Income



Vertical Analysis of Total Expense



Comments on Profit or Loss - Vertical Analysis

Gross profit

Gross profit of the Company has increased over the last couple of years in terms of ratio and amount as well, mainly on account of contained power and fuel cost, efficient utilization of labour and availability of raw materials at competitive rates.

Taxation

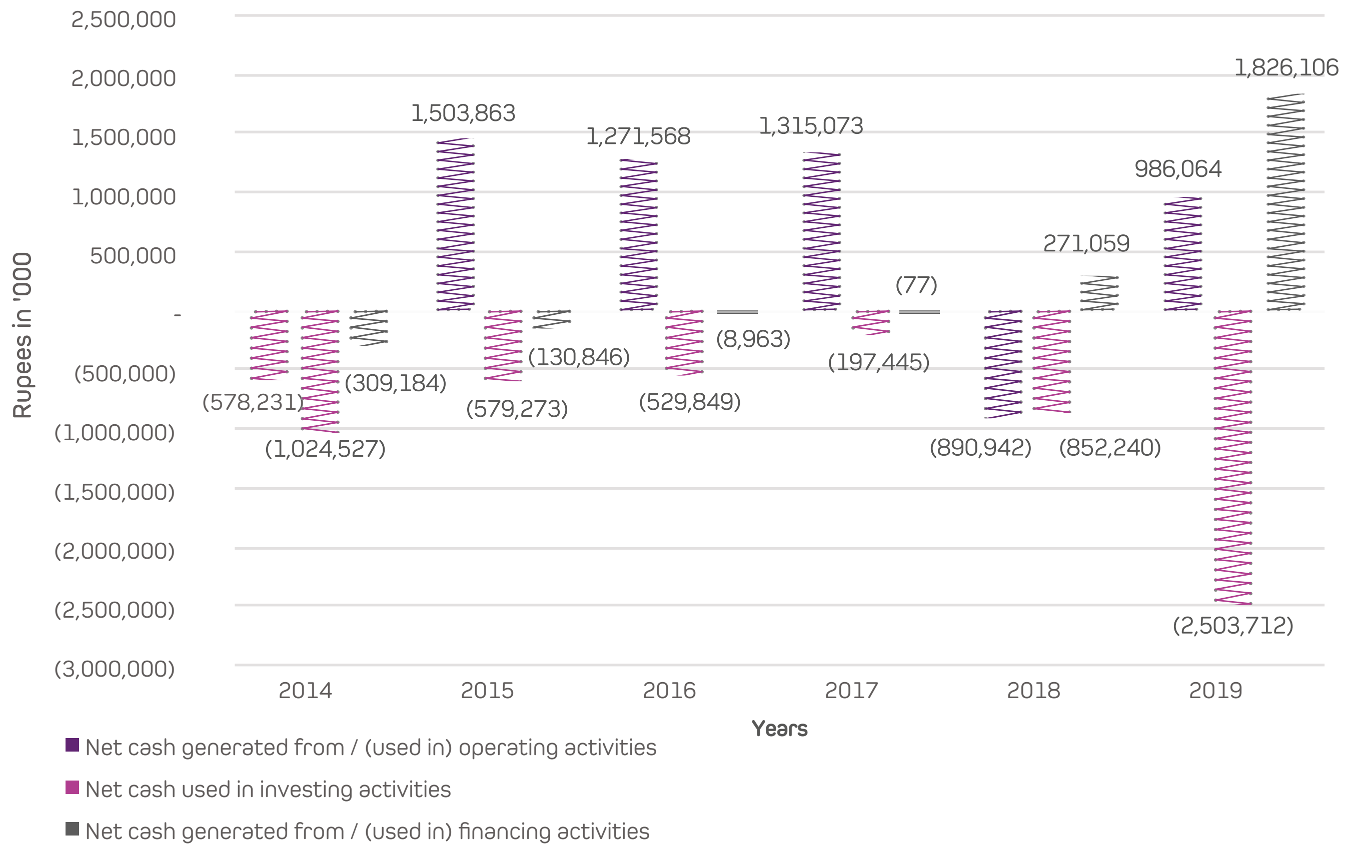
The ratio of taxation to sales has increased in current year mainly on account of reduction of tax credit on investments from 10% to 5%, introduced through the Finance Act, 2019.

Net profit

Net profit to sales has shown improvement over the last couple of years in terms of amount. However, net profit ratio for the year 2018 was better than 2019, mainly on account of availability of rebate on export of yarn in 2018 along with reduced finance cost.

summary of cash flow

	2019	2018	2017	2016	2015	2014
			(Rupees in '000)			
Cash generated from operations	2,057,405	(171,282)	1,985,767	2,122,687	2,679,748	343,297
Finance cost paid	(909,583)	(532,519)	(300,539)	(537,535)	(908,113)	(693,824)
Income tax paid	(293,314)	(197,645)	(260,236)	(230,417)	(170,369)	(175,529)
Rebate received	242,639	96,452	3,284	-	-	-
Gratuity paid	(111,083)	(85,948)	(113,203)	(83,167)	(97,403)	(52,175)
	(1,071,341)	(719,660)	(670,694)	(851,119)	(1,175,885)	(921,528)
Net cash generated from / (used in) operating activities	**986,064**	**(890,942)**	**1,315,073**	**1,271,568**	**1,503,863**	**(578,231)**
Net cash used in investing activities	(2,503,712)	(852,240)	(197,445)	(529,849)	(579,273)	(1,024,527)
Net cash generated from / (used in) financing activities	1,826,106	271,059	(77)	(8,963)	(130,846)	(309,184)
Net increase / (decrease) in cash & cash equivalents	**308,458**	**(1,472,123)**	**1,117,551**	**732,756**	**793,744**	**(1,911,942)**
Cash & cash equivalents at the beginning of the year	(9,520,886)	(8,048,763)	(9,166,314)	(9,899,070)	(7,264,440)	(5,352,498)
Transferred from FTML as on October 1, 2014 on amalgamation	-	-	-	-	(3,428,374)	-
Cash & cash equivalent at the end of the year	**(9,212,428)**	**(9,520,886)**	**(8,048,763)**	**(9,166,314)**	**(9,899,070)**	**(7,264,440)**



Comments on Cash flows

Cash flow from operating activities

The Company's net cash generated from operating activities for the year is Rs. 986.06 million after payments of Rs. 1.31 billion in respect of finance cost, gratuity and income taxes, which represents that the Company is operating well in terms of generation of cash, which could have been even better if trade debts had not increased by Rs. 1.05 billion, resulting in blockage of working capital. The increase in trade debts is mainly on account of increase in sales in the month of June 2019.

Further, the analysis of year wise cash flow from operating activities indicates that the Company has generated cash from its operations over the years, except for the year 2018 and 2014, where cash flows were negative mainly on account of increased investment in stock in anticipation of expected increase in raw material price.

Cash used in investing activities

The Company's net cash used in investing activity over the years mainly represents amount invested in purchase of machineries and related civil work.

Cash generation from / (used in) financing activities

The Company's net cash generated from financing activity is positive for the last two years mainly on account of receipt of long term finance. Further, over the years the cash used in financing activities mainly represent dividend payments to the shareholders.

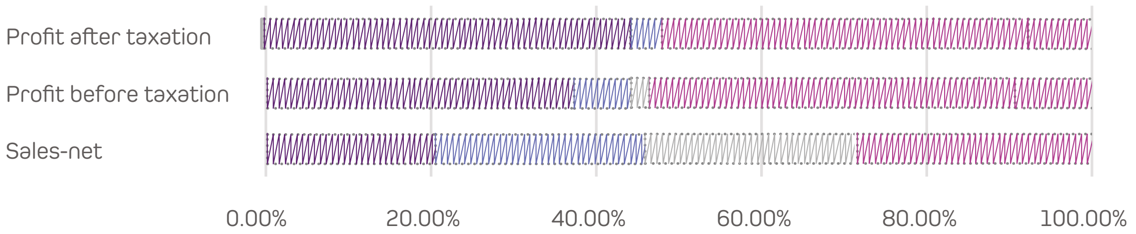
statement of cash flows – direct method

	2019	2018
	(Rupees in '000)	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customer	30,178,013	26,803,104
Cash paid to suppliers, employees and others	(28,120,608)	(26,974,386)
Finance cost paid	(909,583)	(532,519)
Income tax paid	(293,314)	(197,645)
Gratuity paid	(111,083)	(85,948)
Rebate received	242,639	96,452
Net cash generated from / (used in) operating activities	986,064	(890,942)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,839,346)	(1,119,172)
Sale proceeds from disposal of property, plant and equipment	64,988	36,297
Proceeds on disposal of share	7,998	-
Loans paid to employees	(8,743)	(16,117)
Long-term deposits given	-	(15)
Profit received from bank deposits	1,374	1,554
Dividend received	270,017	245,213
Net cash used in investing activities	(2,503,712)	(852,240)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Long-term finance obtained	2,080,753	594,338
Repayment of long term musharakah financing of GHPL	(9,844)	-
Dividend paid	(244,803)	(323,279)
Net cash generated from financing activities	1,826,106	271,059
Net increase / (decrease) cash and cash equivalents (A+B+C)	308,458	(1,472,123)
Cash and cash equivalents at the beginning of the year	(9,520,886)	(8,048,763)
Cash and cash equivalents at the end of the year	(9,212,428)	(9,520,886)

quarterly performance analysis

	Q1 September 30, 2018	Q2 December 31, 2018	Q3 March 31, 2019	Q4 June 30, 2019
	Rupees in '000			
Sales-net	6,374,634	7,991,652	7,885,038	8,966,155
Cost of sales	(5,549,243)	(7,523,913)	(7,476,413)	(7,775,187)
Gross profit	825,391	467,739	408,625	1,190,968
Distribution cost	(80,310)	(93,259)	(104,180)	(124,015)
Administrative expenses	(69,353)	(73,178)	(63,139)	(71,327)
	(149,663)	(166,437)	(167,319)	(195,342)
	675,728	**301,302**	**241,306**	**995,626**
Finance cost	(187,068)	(253,409)	(334,445)	(323,257)
Other operating expenses	(43,427)	(3,013)	1,722	(54,050)
	230,495	256,422	332,723	377,307
	445,233	44,880	(91,417)	618,319
Other income	12,859	38,774	18,413	98,832
Share of profit from associates	164,552	24,026	112,293	181,692
	177,411	62,800	130,706	280,524
Profit before taxation	**622,644**	**107,680**	**39,289**	**898,843**
Taxation:				
Current	80,721	8,959	11,223	181,452
Prior	-	4,011	-	-
Deferred	17,060	52,112	30,002	96,816
	97,781	65,082	41,225	278,268
Profit after taxation	**524,863**	**42,598**	**(1,936)**	**620,575**
Earnings per share - basic and diluted (Rupees)	18.73	1.52	(0.08)	22.14

Quarterly Analysis



	Sales-net	Profit before taxation	Profit after taxation
1st Qtr	20.42%	37.32%	44.25%
2nd Qtr	25.60%	6.45%	3.59%
3rd Qtr	25.26%	2.35%	(0.16%)
4th Qtr	28.72%	53.87%	52.32%

Comments on Quarterly Analysis

Sales

Quarter wise sales of the Company have been significantly varied over the year. Sales of Quarter 1 have decreased by 2.22% as compared to SPLY. However, boost was observed in the sales of remaining three quarters with an increase of 24.47%, 11.88% and 18.49% respectively when compared with SPLY. The increase in sales is mainly attributable to increasing trend fo yarn price which was capitalised by our sales and marketing team. The management of the Company expects the consistent increase in sales growth in future years.

Profitability:

Quarter wise profitability of the Company has been volatile over the year. Quarter 1 results showed a significant improvement when compared with SPLY. However, results of Quarter 2 and Quarter 3 observed a dip due to increasing cost of sales and finance cost, thereby, contributing 3.59% and -0.16% respectively to the total profit for the year. However, Quarter 4 outperformed all the 3 quarters mainly on account of increase in sales quantity as well as improvement in yarn prices as a result of the devaluation of the Rupee, leading to increased costs of raw materials. The Company's inventory level were well covered to take benefits of increased selling rates and accordingly resulted in better GP and NP for the quarter.

Segmental View of Business Performance

Based on internal management reporting structure and products produced and sold, the Company is organized into the following two operating segments:

- Spinning segment: manufacturing and sale of yarn
- Knitting segment: manufacturing and sale of knitted fabric

The detail regarding segment wise performance is appearing in the unconsolidated and consolidated financial statement of the Company.

share price sensitivity analysis

The share price of the Company depends on the Company's overall performance and reputation in the respective industry in which it exists, combined with other external factors on which management has lesser or no control. The Company's share price is sensitive to the following uncontrollable external factors:

Stock Market

Company's share price depends on overall market performance, investor confidence in the economy and particular sector and the overall fundamentals of the company. Positive sentiments, news flows prevailing in the market may result in an appreciation of the share price of the company.

Government Policies

GTML is exposed to inconsistent Government regulations, taxes schemes, policies, incentives schemes which directly affects the company's financial performance which in turn may affect the share price.

Political Instability

The stable political situation in the country improves the overall business performance, investor confidence and also encourages foreigners to deal with some of the prestigious companies in the country, which may have an impact on Company's share price.

Exchange Rate

GTML generated 26.33 percent of its revenue from exports and imported 56.68 percent of its raw material, through which the entity is exposed to exchange rate risk. Any favorable or unfavorable movement in exchange rates might affect the company's profitability and hence, affect the share price. The company has also adopted effective strategies to minimize the risk of exchange rates.

Interest Rate

The Company's Finance Cost is 3.5 percent of the turnover. Any interest rate movement might affect the company's profitability and hence, affect the share price.

Availability of Raw Material

The Company's performance is largely dependent upon the availability of raw material, which is highly sensitive to seasonal fluctuations. Thus, any negative or positive change in the crop yield will dampen the Company's performance and influence the share price.

Share Price Analysis

history of major events

1990–1995
- The Company started commercial production by producing Poly/Cotton yarn with 14,400 spindles.
- Number of spindles increased to 64,800.

1995–2000
- Number of spindles increased to 128,160.
- Introduced "Compact Spinning" with 15,840 spindles for the first time in Pakistan

2000–2005
- Pioneered and set up "Jet Spinners" in the country.
- Replaced diesel generators with gas generators.
- Number of spindles increased to 194,392.
- Acquired 14 acres of land for erecting additional sheds and underground water reservoir.

2005-2010
- Set up an additional production facility at Karachi.
- Performed marvelously despite the global financial meltdown.

2010-2015
- Planned investment in environment friendly 50 MW Wind Power Project.
- Started commercial operations at Karachi Plant and increased installed capacity to 245,000 spindles.
- Acquired assets of another textile mill located in Gadoon Amazai Industrial Estate.
- Invested in shares of ICI Pakistan Limited
- Acquired new electric generators based on natural gas to enhance power generation capacity
- Signed PC contract to generate additional2.66 MW based on Waste Heat Recovery
- Fazal Textile Mills Limited (FTML) merged with and into GTML
- Number of spindles increased to around 321,000 by virtue of merger of FTML

2015-2019
- Investment in diversified business avenues has started to reap its benefits
- BMR of existing machinery to have state of the art machineries
- Invested in wind projects and announced investments in solar and hydel projects.
- Number of spindles increased to 342,420.
- Successful Installation and operation of Waste Heat Recovery Plant.

calendar of notable events

Notable Events For The Financial Year	
BOD Meeting for Yearly Accounts - 2018	July 30, 2018
31st Annual General Meeting – 2018	September 27, 2018
BOD Meeting for first quarter ended September 30, 2018	October 26, 2018
BOD Meeting for half year ended December 31, 2018	February 6, 2019
Extraordinary General Meeting for Election of Directors and revalidation of approval for investment in Associated Companies (YWPL, TWPPL & TSPPL)	March 20, 2019
BOD Meeting for third quarter ended March 31, 2019	April 25, 2019

Tentative Dates for Next Financial Year	
BOD Meeting for Yearly Accounts - 2019	July 26, 2019
Annual General Meeting – 2019	September 28, 2019
BOD Meeting for first quarter ending September 30, 2019	October 28, 2019
BOD Meeting for half year ending December 31, 2019	January 27, 2020
BOD Meeting for third-quarter ending March 31, 2020	April 27, 2020
BOD Budget Meeting 2020-2021	June 22, 2020

major capital expenditure

In order to remain competitive at national and international level, the Company invests regularly in new technological advanced machineries. The purpose of the investment is not only to reduce cost of production by achieving operational efficiencies but also to better serve customers in terms of quality and supplementary services.

This year the Company has made significant Capex of Rs. 2.8 billion and has developed a phase-wise strategy for the replacement of old and obsolete machines.

where opportunity thrives

Outlook

forward-looking statement

With the approval of the IMF bailout package, concessional loan obtained from friendly countries, strict policies to regulate the foreign exchange transactions, and better balance of trade during this year, mainly on account of reduction in import bills, it is expected that rupee will contain its stability and there would be no significant increase in interest rates in the upcoming year. Further, the revenue targets set for the upcoming year, if achieved, can surely be the beginning of new heights for the Country and accordingly will have a positive impact on the Economy.

In order to dilute the Political instability and boost the confidence of textile sectors, it is expected that government will come up with some plan for the textile sector including but not limited to resolution of GIDC matter, timely release of tax and DLTL refunds.

On account of withdrawal of SRO 1125 (1) of 2011 from July 1, 2019, it is expected that the overall sales of the textile sector will be affected as the purchasing power of common man will reduce. However, the Company has devised the plan to cover this gap by identifying new products and customers both the locally and internationally. Further, the Cost of production will also reduce on account of significant CAPEX made during the second half of current year, which will help Company to achieve operational efficiencies through reduction in labor and power cost. Furthermore, the Company also expects increase in returns from its strategic investments.

The Company is confident that it will be able to increase its sales and profitability at least by 8% - 10% for the year 2019-2020.

In addition to achieving its financials milestone, the Company has allocated adequate budget for the development of its Capital i.e. Human Capital, Manufactured Capital, Intellectual Capital and Social & Relationship Capital and anticipates that it will be able to satisfy the need of all stakeholders.

Company Performance against Last Year's Projections

During the year mainly on account of trade war between the global giants, the Company's Export sales have decreased from previous year, as against the anticipated increase in export sales in previous year forward-looking statement. However, there was increase in Local Sales as compared to previous year, which helps Company to retain its bottom line in comparison with previous year.

Further, as anticipated in previous year, the return from strategic investments have increased. Even though the increase is of only 1.13%, but considering the fact that all macroeconomic indicators were posing a negative impact on the Economy, the associates of the Company still performed well in the weakening economy.

Sources of Information and Assumptions used for Forecast

The Company on the basis of current monetary and fiscal policy, affiliation / contacts with associations including APTMA, Sarhad Chamber of Commerce and Industry, consultation with industry experts including advisory firms, market research including past trends, forecast the factors i.e. exchange rate, interest rate, cotton prices, sales prices, etc. having significant impacts on the Company's operations and accordingly makes projections/budgets for the upcoming year.

Status of Projects

Apart from investment in state of art technological machines and strategic investments, no other major projects are in pipelines from previous year, the progress of which needs to be disclosed.

Further, keeping in view the profitability and anticipated demands for its Knitted fabrics, the Company has decided to expand its Knitting segment. In this respect, the construction of separate division for Knitting segment at Karachi Factory is in progress. The project is expected to be completed during first half of the year 2019 - 2020, which once completed will help the Company to achieve operational efficiencies.

SWOT analysis

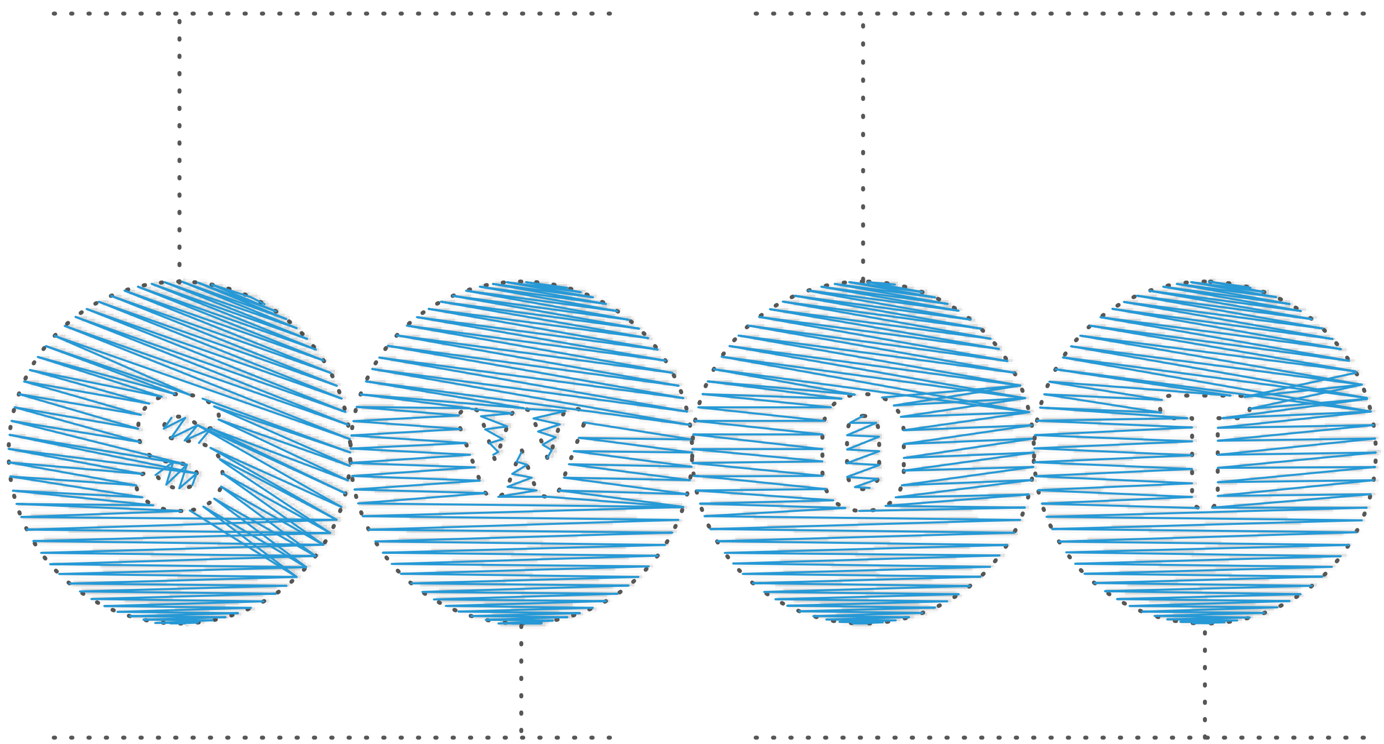
SWOT analysis is an approach to watch out for the Strengths, Weaknesses, Opportunities and Threats of the business. GTML ensure that it makes use of its strength to utilize the opportunities available, eliminate the risk and to turn its weaknesses into the strength of the business.

Strengths

- Market dominance
- In-house power generation
- Strong group structure
- Economies of scale
- Availability of wide range of products
- State-of-the-art plant and production facilities
- Global reach to internationally acclaimed clients
- Experienced and Skilled workforce

Opportunities

- Access to untapped markets to increase sales
- Availability of expansion in existing and untapped segments with bare minimum capital expenditure
- Diversification of Product Range. Target the niche market due to wide range of product manufactured
- Hiring of Qualified Staff for changing business climate
- Increasing Profits and Growing Demand in the Market
- Technology Advancement



Weaknesses

- Labor intensive operations
- Larger portion of production based on volatile cotton market
- Dependence on particular region for sales
- Major reliance on the spinning segment

Threats

- Political Instability
- Imposition of innovative taxes and uncertain government policies e.g. GIDC
- Shortage of raw material due to natural disasters
- Abrupt fluctuation in interest and exchange rates
- High labor-intensive industry
- Availability of subsidized yarn by regional competitors

where engagement thrives

Stakeholder's Engagement

stakeholder's engagement

GTML focuses on establishing strong relationship with its stakeholder to encourage growth and existence of the Company. The Company makes use of commitment, sincerity, competence, effective communication and reliable behavior to collaborate with its stakeholders.

Stakeholders	Description	Frequency
Customer and Suppliers	The Company strives to come up with new ways to interact with its customers and suppliers. It engages with all its customers and suppliers through get-togethers, market visits and customer satisfaction surveys, and feedback on a periodic basis.	Continuous
Media	GTML engages with the media and disseminates news and other happenings to its stakeholders through press releases, corporate briefings, media announcements and presentations, etc. Further, our Corporate Branding team regularly update our social media and website.	As required
Investors and Shareholders	To update Investors / Shareholders about the Company's current performance / future plans and to provide them platform for raising their concerns, the Company engages with them through Annual General Meetings, Quarterly / Half Yearly / Annual Reports, Websites and Investor / Corporate briefing sessions.	Annually / Quarterly / Continuous / As required
Regulators	GTML believes in strict compliance with applicable laws and regulations. To remain compliant, GTML ensures that all the queries of the regulators are responded on a timely basis including filing of various statutory returns / forms.	Periodic / As required
Banks and Lenders of Finance	GTML consider the providers of funds to be our partners in success and ensure that they are frequently engaged with the Company and taken into confidence as and when required. The Company maintains excellent relationship with all the leading financial institutions of the country.	Continuous / As required
Local Communities	GTML actively participates in various CSR initiatives and activities in health, education and social sector.	As required

relation with stakeholders

Management recognizes the fact that the dispute with the stakeholders can have hindrance in day to day business operations, and therefore give due importance to their feedback / suggestion. Accordingly, stakeholders are allowed to have direct access to Company secretary in case of any grievance.

Minority Shareholders

Apart from timely submission of accounts and notices to shareholders, the company in order to encourage minority shareholders to attend the general meetings and on the basis of section 132(2) of the Companies Act, 2017, have provided the video conferencing facility to shareholders (having shareholding of 10% or more in aggregate), subject to availability of video conference facility in that city and receipt of intimation from the shareholders at least 7 days prior to date of meeting.

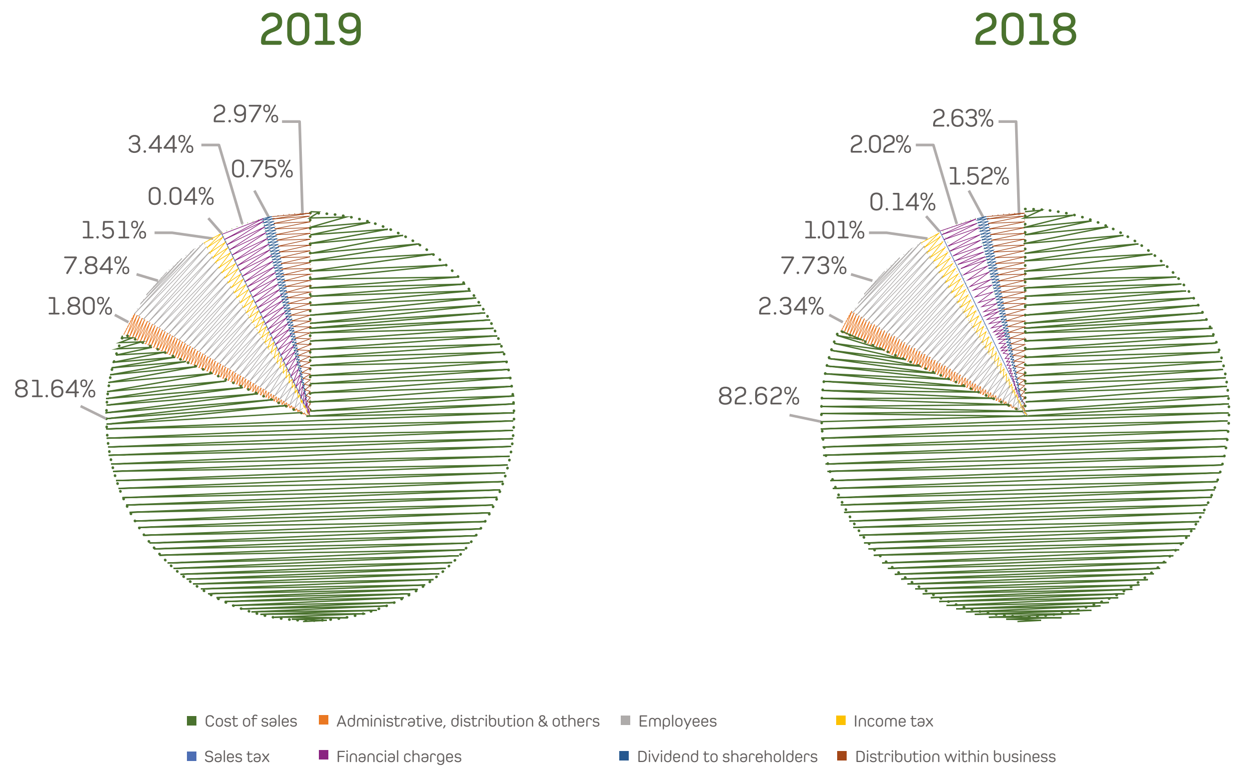
Investors' Relations Section

The Company communicates all major financial information needed for investors' dicision making by uploading it on corporate website i.e. (http://gadoontextile.com/) under the section of 'Investor Relations', on a timely basis.

statement of value addition and its distribution

	2019		2018	
	Rs. in '000	%	Rs. in '000	%
Wealth Generated				
Sales including sales tax	31,229,771	97.96%	27,593,222	96.75%
Other operating income	651,441	2.04%	926,387	3.25%
	31,881,212	100.00%	28,519,609	100.00%
Wealth Distribution				
Cost of sales	26,027,921	81.64%	23,561,665	82.62%
Administrative, distribution and others	573,587	1.80%	666,830	2.34%
Employees	2,500,776	7.84%	2,204,251	7.73%
Income tax	482,355	1.51%	288,350	1.01%
Sales tax	12,292	0.04%	38,535	0.14%
Financial charges	1,098,179	3.44%	574,682	2.02%
Dividend to shareholders	238,251	0.75%	434,459	1.52%
Distribution within business	947,851	2.97%	750,837	2.63%
	31,881,212	100.00%	28,519,609	100.00%

Wealth Distribution



stakeholder's engagement policy

GTML is fully committed to developing an effective working relationship with all its stakeholders. The objective of this policy is to lay down key principles of engagement with stakeholders.

With respect to the engagement of its stakeholders, GTML is committed to:

- Providing accurate and timely information to all stakeholders;
- Obtaining regular feedback from stakeholders;
- Evaluating the effectiveness of stakeholders' engagement activities and working continually to improve such engagements.

Frequency of engagements is based on the corporate and business requirements as laid down by the corporate laws, contractual obligations or as and when required. Employee communication is undertaken through in-house newsletters, climatic surveys, intranet updates, and emails.

Investor Roadshows / Corporate Briefing Program

Our stakeholder extends valuable contribution towards our growth and existence. The Company understands the importance of continuous collaboration with all its stakeholders.

The Board has devised a mechanism to arrange interactive sessions between management of the Company and its shareholders to solicit and understand views of shareholders. The purpose of these sessions is to brief shareholders about the performance of the Company, macro and micro economic factors affecting the Company, prospects of the Company and the steps taken by the Company to improve its performance in challenging circumstances. These communications helps the Company to understand and resolve the concerns of the shareholders and to add synergy factor to achieve better results in the Company's prospects.

The Board is pleased to inform that the Company, represented by our CFO Mr. Imran Moten, attended an investor roadshow program at Boat Club held on February 18, 2019 which intended to highlight the challenges and future opportunities in textile industry. Interactive session was held between research analysts, fund managers and management representative where details of current economic situation and challenges faced by the Company were discussed with the investors.

Looking forward, the Board has set the intentions and the management has planned to hold the Corporate briefing session for the year ended June 30, 2019 in first week of October 2019. The purpose of this session is not only to ensure compliance with the directives of PSX but also to enlighten the investors with the Company's insights on its current performance and future prospects.

where hope thrives

Sustainability and Corporate Social Responsibility

highlights of aspects of sustainability

The Companies achieve sustainable development by adopting the business strategies that protects, sustains and enhance the human and natural resources that will be needed in the future.

The incorporation of GTML proved to be a great example of contribution towards the betterment of the society in terms of Health, Safety and Environment. GTML makes sustainability a priority in every aspect of organizational operations and is involved in compliance, environmental protection, occupational health and safety.

The highlights of the Company's performance, policies, initiatives and plans in place relating to various aspects of sustainability are as follows:

Economic

The economic aspect of sustainability is regarded to have comprise the potential to amalgamate sustainable practices, technology and money-making tools.

GTML is determined to provide value along with consistent growth to its stakeholders. Further, the presence of the Company in the market positively impacts the economic development of Pakistan by opening up the employment and business opportunities. The Company also pays focus on the upgradation of technology for enhanced productivity and growth that contributes to the economic development.

Environmental

It has long been known as the primary reason for sustainability and now has been incorporated into the corporate environment. GTML believes that without a healthy environment, the human pursuits of economy and society cannot be sustained. The Company abide by the environmental laws and continually improves its environmental management system.

Mitigating Adverse Risk of Industrial Effluents

The company's policy of 'clean environment; healthy life', is aiming to implement process and procedures that ensure disposal of waste materials and chemicals in a way that is least harmful for the environment. Training and awareness sessions are conducted on a regular basis for this purpose.

Energy Saving Measures

GTML aims to conserve natural resources and reduce energy consumption. Hence, the Company has acquired a state-of-the-art Waste Heat Recovery Plant (WHRP).

WHRP does not need any externally fed fuel to operate, but it uses the excess heat from the system as fuel. The design of these plants hinges on the idea of encapsulating all the excess heat from the production system and using this heat to generate steam from boilers, which drive the turbine engines, thus producing electricity.

In addition to this, the Company has made a conscious effort to save energy, as small as mindfully turning off unnecessary lights or computers during office breaks or as immense as using energy efficient office equipment.

Paper-Waste Disposal

GTML is a socially responsible organization, striving hard to reduce the use of paper. Technology such as scanning and digital data storage is implemented wherever possible. Further, the Company over the last couple of years have collected and donated tons of paper for recycling.

Social

The Company's aim in respect of Social pillar of sustainability is to focus on health, wellness and education of the people and thereby prioritizing the quality of life over everything. The Company believes in the promotion of betterment of society.

Industrial Relations / Employment

Maintaining wondrous relations with the employees and labor is one of the prime focus of GTML. The Company ensures that the employees and their managers share strong bond, that employees receive fair treatment, and that any issues arising between employees and management are solved quickly and as amicably as possible.

The Company not only works for the betterment of society but also focuses on spreading ethical values amongst people. Initially, the people of Swabi were involved in cultivation of poppy and opium on their agricultural lands in order to earn their livelihood. The change was brought about when the foundation of GTMLwas laid in that area with the aim of providing employment to the locals and to help them distance themselves from these harmful practices. Thus, GTML is not only a profit-making entity but also has a core objective to be socially responsible.

The Company considering the social and emotional need of its employees, provides accommodation facilities for its staff and workers at both locations. Further, subsidized mess, ambulance service and shuttle service are also provided to employees. The Company also maintains the retirement benefit plan for its employees to provide them financial security after retirement.

Communities

GTML fulfills its commitment towards the wellbeing of communities by carrying out several initiatives that have been presented in the next section of Corporate Social Responsibility.

highlights of corporate social responsibility

GTML positions itself as one of the conscientious member of the Corporate Community. The Company has worked munificently to a number of charitable causes in the segment of health, education and social sectors.

Donation Drive at Street to School

GTML took a step forward in donating laptops to the children of Street to School on International Day of Education. The purpose was to boost morale and develop an urge to acquire education among the street children. Giving is not just about making a donation, it is all about making a difference. Working for the well-being of society and focusing on philanthropic activities is one of the essential core values of our organization and group. The Company believes that these children will have bright futures and aspire to be the future leaders of Pakistan.

Blood Donation Drive

Giving back to society is our priority. With this passion, GTML arranged a blood donation drive in collaboration with the National Institute of Blood Disease (NIBD) on World Health Day. Considering blood donation as one of the divine act that serves a humanitarian cause, we believe that helping the ones in need is our core responsibility. Our employees actively participated in this noble cause and we feel proud to have volunteers who willingly join hands in providing this life-saving gift to someone in need. The mere objective of this drive was to contribute towards social help by donating blood and to raise awareness among our staff for adopting the healthy lifestyle practise.

Visit and Charity to Old Age House

It is a privilege to contribute donations to mankind because it is good to be blessed but better to be a blessing. GTML participated in this social cause by donating some basic household stuff to Gills Shelter Old Age House. The volunteers of the Company spent valuable time with the senior citizens at the shelter house and shared their griefs and miseries where everyone had a piece of the heart-wrenching story to share. It is not just a matter of giving, but it is a mean of spreading happiness and smiles.

Visit to Orphanage

GTML participated in spreading happiness by visiting Mashal Orphanage to share the joy of Eid by distributing the gifts and toys. The volunteers of the Company gifted presents amongst these innocent human beings and spent time with them. The children were overwhelmed with this gesture and the smile on their faces was priceless. The idea was to spread happiness and to deliver grins amongst the children and to ensure that no child remains empty-handed this Eid.

Strategic HR Partnership

- In this Holy month of Ramadan, GTML collaborated with YB Group Companies and organized a Lucky Wall CSR activity. This activity was aimed to help the people in need in which belongings such as clothes, bags, and shoes were donated.

- Lucky Iftar Distribution Activity on the roadside was also organized by the same group companies. The volunteers from each company distributed Iftar boxes to the people passing by the road. This was just a divine gesture that helped revitalize the sense of gratification by serving other human beings.

Tree Plantation Activity

On Independence Day, GTML decided to give back to the environment and our mother nation by organizing a Tree Plantation Activity in collaboration with ACCA Pakistan at factory premises to plant 750 saplings where students and GTML staff both participated. This noble cause was very well supported by senior management and we are planning to extend this to other parts of the city as well in future.

Beach Cleaning Activity

Earth is the only home we have; we need to clean it up. Environmental cleanliness begins with an individual desire to be clean. Realizing the importance of conserving the nature, GTML took part in the World Earth Day by taking an initiative of beach cleaning drive for the purpose of cleaning the debris on the seashore held at Sea View Karachi. A number of volunteers from the organization participated in this activity with great ardor and energy. Little efforts can make big differences. Beach cleaning was aimed to create a sense of awareness so that each individual can take up the responsibility of playing their role in keeping the environment clean. This campaign also worked to benefit in portraying the message of promoting a culture of cleanliness to the world.

certifications acquired for environmental sustainability


CERTIFICATE OF COMPLIANCE

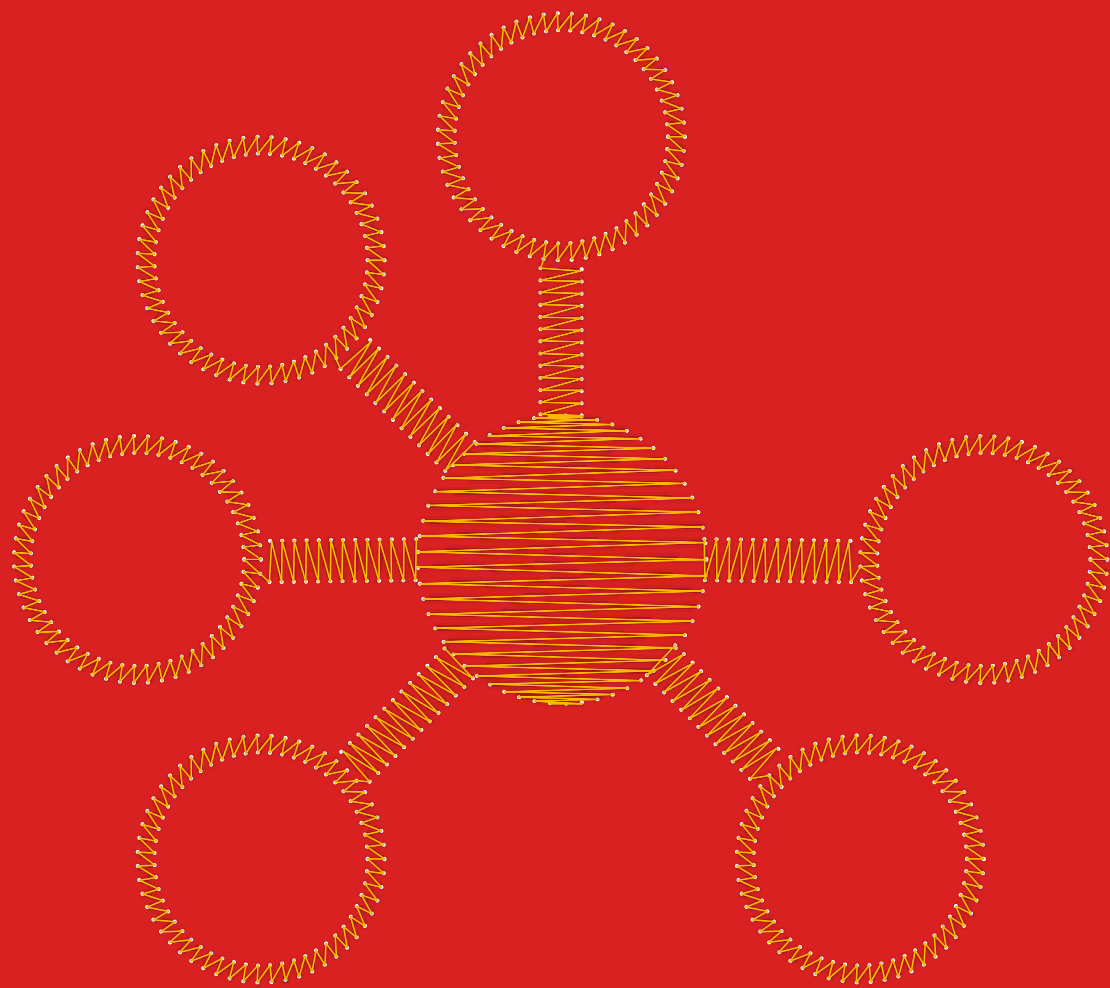
Gadoon Textile Mills Limited


CERTIFICATE OF COMPLIANCE

Gadoon Textile Mills Limited

corporate affiliations

- Affiliated with OEKO-TEX 100 Standards
- Member of Management Association of Pakistan
- Member of Karachi Chamber of Commerce and Industry
- Member of Sarhad Chamber of Commerce and Industry
- Member of All Pakistan Textile Mills Association Khyber Pakhtunkhwa
- Member of Better Cotton Initiative (BCI) and Fair Trade
- Member and licensee of SUPIMA

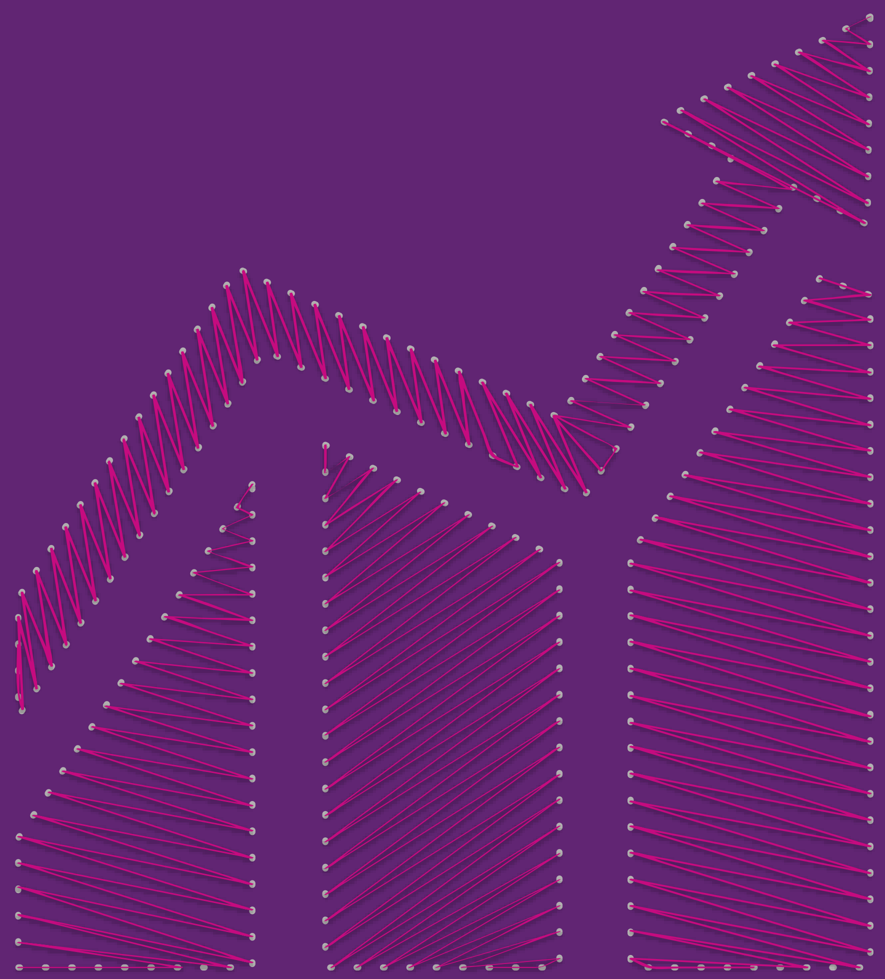



where compliance thrives
Corporate Reporting

statement of unreserved compliance of international financial reporting standards (IFRSs)

The Financial Statements of the Company have been prepared in accordance with the IFRS issued by IASB as notified under the Companies Act, 2017.

Further, there are certain standards and interpretations which are yet to be effective in Pakistan and certain standards not adopted by SECP, as disclosed in note 2.5 and note 3.5 of the unconsolidated and consolidated financial statements respectively. However, the management believes these standards and interpretation does not have any material impact on the financial statements of the Company.



integrated reporting

The integrated reporting is a concise communication about how company's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term.

That value has two interrelated aspects – value created for the organization itself, which enables financial returns to the providers of financial capital; and others (i.e., stakeholders and society at large).

GTML is in the process of adopting and adhering to the International Integrated Reporting Framework (IIRF) and strives to follow the best corporate governance practices. The reporting is further carried out to create a considerable value for the organization and its stakeholders. Additionally, GTML has focused on concise and coherent reporting of the business affairs presented in the form of financial and non-financial information. Further, the Company is committed to achieving excellence in transparent reporting along with consistent improvement in the quality of the information presented.

Guiding Principles for Integrated Reporting

The following guiding principles underpin the preparation of an integrated report, informing the content of the report and how information is presented:

- Strategic focus and future orientation
- Connectivity of information
- Stakeholder relationships
- Materiality
- Conciseness
- Reliability and completeness
- Consistency and comparability

Content Elements for Integrated Reporting

The Company has incorporated in this report the following Content Elements of IR Framework: -

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Outlook
- Position and Performance
- Business Model

Status

Though in current year, the Company has fulfilled certain requirements of the frameworks by disclosing some additional information, however, the Company is still reviewing the framework to assess / compile the complete required information which needs to be presented under this framework and it is expected that the Company will be able to comply with the complete provision of the framework in the years to come.

where reward thrives

Financial Statements

Unconsolidated Financial Statements

independent auditor's report to the members

Report On The Audit Of The Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of Gadoon Textile Mills Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2019, and the unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2019 and of the profit, the comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current year. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

S.No.	Key audit matters	How the matter was addressed in our audit
1	Contingencies	
	The Company is subject to material litigations involving different courts pertaining to GID Cess, taxation and other matters, which requires management to make assessment and judgements with respect to likelihood and impact of such litigations on the unconsolidated financial statements of the Company. Management engaged independent legal counsels on these matters. The assessment of provisioning against such litigations is a complex exercise and require significant judgements to determine the level of certainty on these matters. The details of contingencies along with management's assessment are disclosed in note 23 to the unconsolidated financial statements.	In response to this matter, our audit procedures included: Discussing legal cases with the internal legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances. Obtaining independent opinion of legal council's dealing with such cases in the form confirmations. We also evaluated the possible outcome of these legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets. The disclosures of legal exposures and provisions were assessed for completeness and accuracy.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the report of audit committee, directors' report, Chairman's review, analysis on financial performance, comments on the financial results, key performance indicators, analysis of cost and statement of value additions and its distribution.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

Deloitte Yousuf Adil

Chartered Accountants

Karachi
Date: August 20, 2019

unconsolidated statement of financial position

As at June 30, 2019

	Note	2019	2018
		(Rupees in '000)	
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	9,870,359	7,791,928
Biological assets	5	129,665	-
Long term advance	6	-	-
Long term loans	7	43,677	35,331
Long term deposits		29,127	27,719
Long term investments	8	2,869,812	2,686,920
		12,942,640	10,541,898
Current Assets			
Stores, spares and loose tools	9	606,538	549,319
Stock-in-trade	10	8,397,926	7,469,561
Consumables	11	9,435	-
Trade debts	12	3,517,747	2,464,181
Loans and advances	13	199,991	286,996
Trade deposits and short term prepayments		8,901	32,273
Other receivables	14	719,881	958,077
Current tax asset		659,202	651,362
Sales tax refund bond	15	110,797	-
Cash and bank balances	16	106,297	188,863
		14,336,715	12,600,632
Total Assets		27,279,355	23,142,530

	Note	2019	2018
		(Rupees in '000)	
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized			
57,500,000 ordinary shares of Rs.10/- each		575,000	575,000
Issued, subscribed and paid-up capital	17	280,296	280,296
Capital reserves		137,541	137,541
Revenue reserves		8,771,640	7,795,673
Total Equity		9,189,477	8,213,510
Non-Current Liabilities			
Long term finance	18	2,622,363	594,338
Retirement benefit obligation	19	562,984	533,769
Deferred tax liabilities	20	889,350	696,275
		4,074,697	1,824,382
Current Liabilities			
Trade and other payables	21	3,695,695	3,088,479
Unclaimed dividend		21,879	21,423
Current portion of long term finance	18	52,728	-
Accrued mark-up		318,196	129,830
Short term borrowings	22	9,926,683	9,864,906
		14,015,181	13,104,638
Total Liabilities		18,089,878	14,929,020
Total Equity and Liabilities		27,279,355	23,142,530

CONTINGENCIES AND COMMITMENTS 23

The annexed notes from 1 to 44 form an integral part of these financial statements.

MUHAMMAD YUNUS TABBA	MUHAMMAD SOHAIL TABBA	MUHAMMAD IMRAN MOTEN
Chairman / Director	Chief Executive Officer	Chief Financial Officer

unconsolidated statement of profit or loss

For the Year Ended June 30, 2019

	Note	2019	2018
		---------------- (Rupees in '000)	--------------
Sales - net	24	31,217,479	27,554,687
Cost of sales	25	(28,324,756)	(25,609,797)
Gross profit		2,892,723	1,944,890
Distribution cost	26	(401,764)	(437,311)
Administrative expenses	27	(276,932)	(224,245)
		(678,696)	(661,556)
		2,214,027	1,283,334
Finance cost	28	(1,097,949)	(574,682)
Other operating expenses	29	(97,601)	(161,393)
		1,018,477	547,259
Other income	30	163,860	449,217
Share of profit from associates	8	463,969	477,170
Profit before taxation		1,646,306	1,473,646
Taxation	31	(480,013)	(288,350)
Profit for the year		1,166,293	1,185,296
Earnings per share - basic and diluted (Rupees)	32	41.61	42.29

The annexed notes from 1 to 44 form an integral part of these financial statements.

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

unconsolidated statement of comprehensive income

For the Year Ended June 30, 2019

	Note	2019	2018
		---------------- (Rupees in '000)	---------------
Profit for the year		1,166,293	1,185,296
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Share of other comprehensive income/(loss) from associates - net of tax	8	130	(15,074)
Items that will not be reclassified subsequently to profit or loss			
- Remeasurement of defined benefit obligation	19.5	73,048	7,297
- Income tax relating to defined benefit obligation		(14,450)	(1,384)
		58,598	5,913
Other comprehensive income / (loss)		58,728	(9,161)
Total comprehensive income for the year		1,225,021	1,176,135

The annexed notes from 1 to 44 form an integral part of these financial statements.

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

unconsolidated statement of cash flows

For the Year Ended June 30, 2019

	Note	2019	2018
		(Rupees in '000)	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	33	2,057,856	(171,282)
Finance cost paid		(909,583)	(532,519)
Income tax paid		(292,878)	(197,645)
Retirement benefits paid		(111,083)	(85,948)
Rebate received		242,639	96,452
		(1,070,905)	(719,660)
Net cash generated from / (used in) operating activities		986,951	(890,942)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,839,346)	(1,119,172)
Sale proceeds from disposal of property, plant and equipment		64,988	36,297
Loans paid to employees		(8,743)	(16,117)
Long term deposits given		-	(15)
Investment in subsidiary		(100)	-
Profit received from bank deposits		1,374	1,554
Dividend received		261,162	245,213
Net cash used in investing activities		(2,520,665)	(852,240)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained		2,080,753	594,338
Dividend paid		(244,803)	(323,279)
Net cash generated from financing activities		1,835,950	271,059
Net decrease / (increase) in cash and cash equivalents (A+B+C)		302,236	(1,472,123)
Cash and cash equivalents at the beginning of the year		(9,520,886)	(8,048,763)
Cash and cash equivalents at the end of the year		(9,218,650)	(9,520,886)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	106,297	188,863
Short term borrowings	22	(9,324,947)	(9,709,749)
		(9,218,650)	(9,520,886)

CHANGES ARISING FROM FINANCING ACTIVITIES

	2018	Financing cash inflows	Financing cash outflows	Non-cash changes	2019
	Rupees in '000				
Long term finance	594,338	2,080,753	-	-	2,675,091
Unclaimed dividend	21,423	-	(244,803)	245,259	21,879

The annexed notes from 1 to 44 form an integral part of these financial statements.

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

unconsolidated statement of changes in equity

For the Year Ended June 30, 2019

	Capital Reserves				Revenue Reserves				
	Issued, subscribed and paid-up share capital	Share premium	Amalgamation reserve	Sub total	General reserve	Amalgamation reserve	Unappropriated profit	Sub total	Grand total
	(Rupees in '000)								
Balance as at July 1, 2017	280,296	103,125	34,416	137,541	1,000,000	727,333	5,221,553	6,948,886	7,366,723
Transaction with owners									
Final dividend @ Rs. 5/- per share for the year ended June 30, 2017	-	-	-	-	-	-	(140,148)	(140,148)	(140,148)
Additional / Interim dividend @ Rs. 6.75/- per share	-	-	-	-	-	-	(189,200)	(189,200)	(189,200)
	-	-	-	-	-	-	(329,348)	(329,348)	(329,348)
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	1,185,296	1,185,296	1,185,296
Other comprehensive loss	-	-	-	-	-	-	(9,161)	(9,161)	(9,161)
Total comprehensive income for the year	-	-	-	-	-	-	1,176,135	1,176,135	1,176,135
Balance as at June 30, 2018	280,296	103,125	34,416	137,541	1,000,000	727,333	6,068,340	7,795,673	8,213,510
Transaction with owners									
Final dividend @ Rs. 8.75/- per share for the year ended June 30, 2018	-	-	-	-	-	-	(245,259)	(245,259)	(245,259)
	-	-	-	-	-	-	(245,259)	(245,259)	(245,259)
Effect of restructuring on investments (Note 8.1.1)	-	-	-	-	-	-	(3,795)	(3,795)	(3,795)
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	1,166,293	1,166,293	1,166,293
Other comprehensive income	-	-	-	-	-	-	58,728	58,728	58,728
Total comprehensive income for the year	-	-	-	-	-	-	1,225,021	1,225,021	1,225,021
Balance as at June 30, 2019	280,296	103,125	34,416	137,541	1,000,000	727,333	7,044,307	8,771,640	9,189,477

The annexed notes from 1 to 44 form an integral part of these financial statements.

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

notes to the unconsolidated financial statements

For the Year Ended June 30, 2019

1. THE COMPANY AND ITS OPERATIONS

1.1 Gadoon Textile Mills Limited (the Company) was incorporated in Pakistan on February 23, 1988 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn and knitted fabrics.

Y.B. Holdings (Private) Limited is the ultimate holding company of the group.

These are the separate financial statements of the Company in which investment in subsidiary is accounted for at cost less impairment, if any, and investment in associates is accounted for using equity basis of accounting.

Following are the geographical location and address of all business units of the Company:

Head Office:
7-A, Muhammad Ali Society, Abdul Aziz Haji Hashim Tabba Street, Karachi, Province of Sindh, South, Pakistan.

Manufacturing facility:
a) 200-201, Gadoon Amazai Industrial Estate, District Swabi, Province of Khyber Pakhtunkhwa, North, Pakistan.
b) 57 Km on Super Highway (near Karachi), Province of Sindh, South, Pakistan.

Liaison Office:
Syed's Tower, Third Floor, Opposite Custom House, Jamrud Road, Peshawar, Province of Khyber Pakhtunkhwa, North, Pakistan.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except:
- obligations under the defined benefit plan are stated at present value;
- biological assets i.e. livestock are stated at fair value less estimated point-of-sale cost; and
- investment in associates are accounted for using equity method.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in application of accounting policies are as follows:

a) determining the residual values and useful lives of the property, plant and equipment (note 3.1);
b) valuation of biological assets (note 3.2);
c) valuation of stock-in-trade - at lower of cost and NRV (note 3.4);
d) provisions - for loss allowance (note 3.6);
e) impairment of financial and non financial assets (notes 3.10.2);
f) provision for taxation including deferred tax (note 3.12);
g) accounting for retirement benefits obligation (notes 3.13);
h) provisions - for slow moving stores, spares and loose tools (note 3.17);
i) provisions - for doubtful advances (note 3.17); and
j) provisions against liability (note 3.17).

2.5 Changes in accounting standards and interpretations

2.5.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
IFRS 4 'Insurance Contracts' - Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement upon its effective date.	July 01, 2018
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018

	Effective from accounting period beginning on or after:
Amendments to IAS 40 'Investment Property' - Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration' - Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

Certain annual improvements have also been made to a number of IFRSs.

2.5.2 New accounting standards and amendments that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments' - Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

	Effective from accounting period beginning on or after:
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 1 'First Time Adoption of International Financial Reporting Standards'
- IFRS 14 'Regulatory Deferral Accounts'
- IFRS 17 'Insurance Contracts'

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are the same as those applied in the preparation of the financial statements of the Company for the year ended June 30, 2018 except for the change in the policy for revenue recognition and financial assets' recognition and measurement due to adoption of IFRS-15 and IFRS-9 respectively. The implications of these standards have insignificant impact on these financial statements of the Company. In addition to this, there are certain other changes in policies which are as disclosed below:

3.1 Property, plant and equipment

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less impairment losses, if any.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for intended use.

Depreciation is charged, from the month when the asset is available for use and ceased from the month of disposal, to profit and loss account applying the reducing balance method except for leasehold land, which is depreciated using the straight-line method. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each reporting date. Rates for depreciation are stated in note 4.1 to the financial statements.

Maintenance and repairs are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to the statement of profit or loss as and when incurred.

3.2 Biological assets

Livestock are measured at their fair value less estimated point-of-sale costs. Fair value of livestock is determined by an independent valuer on the basis of best available estimates for livestock of similar attributes.

Gains or losses arising from changes in fair value less estimated point-of-sale costs of livestock are recognized in the statement of profit or loss.

3.3 Stores, spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using moving average method. Items in transit are stated at invoice value plus other charges incurred thereon until the reporting date.

For items that are slow moving adequate provision is made, if necessary, for any excess carrying value over estimated realizable value and charged to the statement of profit or loss.

3.4 Stock-in-trade

Basis of valuation is as under:

- Raw material in hand (imported)	Lower of cost (weighted average / specific identification basis) and net realizable value (NRV)
- Raw material in hand (local)	Lower of cost (weighted average) and NRV
- Raw material in-transit	Cost accumulated to end of reporting period
- Work-in-process	Lower of cost (weighted average) and NRV
- Finished goods	Lower of cost (weighted average) and NRV
- Waste	NRV

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

NRV signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to effect such sale.

3.5 Consumables

Consumables are stated at lower of cost and net realizable value. Cost is determined using moving average method. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost necessary to be incurred to effect such sale.

Milk is initially measured at its fair value less estimated point-of-sale costs at the time of milking. The fair value of milk is determined based on market prices in the local area.

3.6 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade debts and other receivables considered irrecoverable are written off.

3.7 Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognized in the statement of financial position at estimated fair value with corresponding effect to the statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

3.8 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Short term borrowings (except export re-finance) availed by the Company which are payable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

3.9 Investments

Investment in subsidiary

Investment in subsidiary company is initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit or loss.

Investment in associates

Associates are entities over which the Company exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of profit or loss of the associate after the date of acquisition. The Company's share of profit or loss of the associate is recognized in the Company's statement of profit or loss. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Company's proportionate interest in the associate arising from changes in the associates' other comprehensive income that have not been recognized in the associate's profit or loss. The Company's share of those changes is recognized in the statement of other comprehensive income of the Company.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognized in the statement of profit or loss.

Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income (FVTOCI), the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3.10 Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are de-recognized when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the statement of profit or loss.

3.10.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Financial assets at amortized cost

Instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at fair value through the statement of profit or loss (FVTPL). Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Company designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition. If such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Company has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in the statement of profit or loss.

3.10.2 Impairment of financial assets

The Company recognizes a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognizes lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(a) The financial instrument has a low risk of default,
(b) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and
(c) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Company employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Company.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Non-financial assets

The Company assesses at each reporting date whether there is any indication that assets except inventories, biological assets and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

3.10.3 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the statement of profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in the profit or loss. The remaining amount of change in the fair value of liability is recognized in the statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified of the statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Company that are designated by the Company as at FVTPL are recognized in the statement of profit or loss.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the statement of profit or loss.

3.10.4 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

3.11 Borrowings and their costs

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently at amortized cost. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

3.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of profit or loss account.

Current

Provision for current taxation is based on taxability of certain income streams of the Company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. The charge for income tax includes adjustments to charge for prior year.

Deferred

Deferred tax is recognized using the liability method, providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

The Company recognizes deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.13 Staff retirement benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Company's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2019.

Remeasurement changes which comprise actuarial gains and losses are recognized immediately in the statement of other comprehensive income.

3.14 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

3.15 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into Pak Rupees at the rates prevailing on the reporting date.

Gains and losses arising on retranslation are included in the statement of profit or loss for the period.

3.16 Revenue recognition

Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods.

Interest income is recognized on a time proportionate basis using the effective rate of return.

3.17 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.18 Dividend and appropriation to / from reserves

Dividend distribution to the Company's shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The BOD has identified different chief operating decision makers responsible for strategic decisions of all the reportable segments.

3.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Note	2019	2018
		(Rupees in '000)	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	9,610,032	7,344,400
Capital work-in-progress	4.2	260,327	447,528
		9,870,359	7,791,928

4.1 Operating fixed assets

Particulars	Cost as at July 01, 2018	Additions/ (Disposals)	Cost as at June 30, 2019	Accumulated depreciation as at July 01, 2018	Depreciation for the year/ (Disposals)	Accumulated depreciation as at June 30, 2019	Carrying value as at June 30, 2019	Rate of depreciation
	2019							
	(Rupees in '000)							%
Land:								
Leasehold	59,180	23,968	83,148	9,712	599	10,311	72,837	1
Freehold	880	-	880	-	-	-	880	-
Buildings on leasehold land:								
Mills	2,034,399	125,083	2,159,482	1,019,549	104,143	1,123,692	1,035,790	10
Roads	47,456	-	47,456	20,668	2,679	23,347	24,109	10
Power plant	178,146	-	178,146	99,077	7,907	106,984	71,162	10
Office	60,513	-	60,513	23,383	3,713	27,096	33,417	10
Workers' colony	202,539	-	202,539	76,337	12,620	88,957	113,582	10
Other	432,500	160,647	593,147	155,066	14,702	169,768	423,379	5
Buildings on freehold land:								
Family colony	179,396	-	179,396	97,275	8,212	105,487	73,909	10
Workers' colony	123,727	-	123,727	96,337	2,739	99,076	24,651	10
Plant and machinery	10,672,861	2,166,657	12,474,195	5,947,979	514,901	6,141,994	6,332,201	10
		(365,323)			(320,886)			
Power plant	1,247,234	536,458	1,783,692	731,910	58,355	790,265	993,427	10
Electric installations	456,331	958	457,289	270,530	18,636	289,166	168,123	10
Tools and equipment	13,774	19,636	33,410	10,937	284	11,221	22,189	10
Furniture and fittings	24,895	4,898	29,793	13,444	1,309	14,753	15,040	10
Computer equipment	24,675	6,148	30,749	18,694	3,160	21,798	8,951	30
		(74)			(56)			
Office equipment and installations	23,470	1,762	25,217	12,943	1,136	14,074	11,143	10
		(15)			(5)			
Fork lifters and tractors	38,094	-	38,094	30,973	1,424	32,397	5,697	20
Vehicles	248,197	72,976	273,447	94,176	37,796	98,513	174,934	20
		(47,726)			(33,459)			
Fire fighting equipment	11,847	-	11,847	6,724	512	7,236	4,611	10
June 30, 2019	16,080,114	3,119,191	18,786,167	8,735,714	794,827	9,176,135	9,610,032	
		(413,138)			(354,406)			

Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 3.01 billion.

4.1 Operating fixed assets

Particulars	Cost as at July 01, 2017	Additions/ (Disposals)	Cost as at June 30, 2018	Accumulated depreciation as at July 01, 2017	Depreciation for the year/ (Disposals)	Accumulated depreciation as at June 30, 2018	Carrying value as at June 30, 2018	Rate of depreciation
	2018							
	(Rupees in '000)							%
Land:								
Leasehold	59,180	-	59,180	9,065	647	9,712	49,468	1
Freehold	880	-	880	-	-	-	880	-
Buildings on leasehold land:								
Mills	2,033,114	1,285	2,034,399	906,802	112,747	1,019,549	1,014,850	10
Roads	43,488	3,968	47,456	17,765	2,903	20,668	26,788	10
Power plant	178,146	-	178,146	90,292	8,785	99,077	79,069	10
Office	60,513	-	60,513	19,257	4,126	23,383	37,130	10
Workers' colony	202,539	-	202,539	62,315	14,022	76,337	126,202	10
Other	414,001	18,499	432,500	141,055	14,011	155,066	277,434	5
Buildings on freehold land:								
Family colony	179,396	-	179,396	88,150	9,125	97,275	82,121	10
Workers' colony	123,727	-	123,727	93,294	3,043	96,337	27,390	10
Plant and machinery	9,857,740	957,830	10,672,861	5,594,075	476,474	5,947,979	4,724,882	10
		(142,709)			(122,570)			
Power plant	1,111,140	151,094	1,247,234	699,969	42,249	731,910	515,324	10
		(15,000)			(10,308)			
Electric installations	451,371	4,960	456,331	250,094	20,436	270,530	185,801	10
Tools and equipment	13,774	-	13,774	10,622	315	10,937	2,837	10
Furniture and fittings	24,895	-	24,895	12,172	1,272	13,444	11,451	10
Computer equipment	21,444	3,614	24,675	17,260	1,701	18,694	5,981	30
		(383)			(267)			
Office equipment and installations	22,694	924	23,470	11,933	1,133	12,943	10,527	10
		(148)			(123)			
Fork lifters and tractors	38,094	-	38,094	29,193	1,780	30,973	7,121	20
Vehicles	154,649	122,021	248,197	88,021	20,946	94,176	154,021	20
		(28,473)			(14,791)			
Fire fighting equipment	11,847	-	11,847	6,155	569	6,724	5,123	10
June 30, 2018	15,002,632	1,264,195	16,080,114	8,147,489	736,284	8,735,714	7,344,400	
		(186,713)			(148,059)			

Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 1.26 billion.

	Note	2019	2018
		(Rupees in '000)	

4.1.1 Depreciation charged for the year has been allocated as under:

	Note	2019	2018
Cost of sales	25.1	765,781	715,545
Administrative expenses	27	29,046	20,739
		794,827	736,284

4.1.2 Disposal of operating fixed assets having net book value in excess of Rs. 500,000

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain/(loss)	Mode of disposal	Purchaser
	(Rupees in '000)						
Plant and Machinery	3,710	2,160	1,550	650	(900)	Negotiation	M/S AMS Enterprises
	3,301	1,286	2,015	368	(1,648)	Negotiation	M/S AMS Enterprises
	5,128	2,343	2,785	368	(2,417)	Negotiation	M/S AMS Enterprises
	5,128	2,343	2,785	368	(2,417)	Negotiation	M/S AMS Enterprises
	8,457	7,530	927	150	(777)	Negotiation	M/S AMS Enterprises
	8,457	7,530	927	150	(777)	Negotiation	M/S AMS Enterprises
	8,457	7,530	927	150	(777)	Negotiation	M/S AMS Enterprises
	7,098	6,530	568	150	(417)	Negotiation	M/S AMS Enterprises
	8,331	7,509	822	150	(672)	Negotiation	M/S AMS Enterprises
	6,406	5,894	512	150	(362)	Negotiation	M/S AMS Enterprises
	8,495	7,217	1,278	150	(1,128)	Negotiation	M/S AMS Enterprises
	8,743	7,440	1,303	150	(1,154)	Negotiation	M/S AMS Enterprises
	8,743	7,440	1,303	150	(1,154)	Negotiation	M/S AMS Enterprises
	8,743	7,440	1,303	150	(1,154)	Negotiation	M/S AMS Enterprises
	11,594	9,673	1,921	150	(1,771)	Negotiation	M/S AMS Enterprises
	1,648	1,065	583	40	(543)	Negotiation	M/S AMS Enterprises
	8,457	7,570	887	750	(138)	Negotiation	A.J Textile Mills Limited
	8,496	7,505	991	583	(407)	Negotiation	M/S AMS Enterprises
	8,457	7,570	887	583	(304)	Negotiation	M/S AMS Enterprises
	8,923	7,638	1,285	150	(1,135)	Negotiation	M/S AMS Enterprises
	8,923	7,638	1,285	150	(1,135)	Negotiation	M/S AMS Enterprises
	8,962	7,671	1,291	150	(1,140)	Negotiation	M/S AMS Enterprises
	8,457	7,578	879	583	(296)	Negotiation	M/S AMS Enterprises
	8,350	7,038	1,312	583	(729)	Negotiation	M/S AMS Enterprises
	181,464	151,138	30,326	6,976	(23,352)		
Vehicle	1,186	486	700	1,075	375	Company policy	Mr. Sadat Khan - Employee
	6,700	6,142	558	2,900	2,342	Negotiation	M/S Dhanji Trading Company
	2,148	1,463	685	1,503	818	Company policy	Mr. Asad Ansari - Employee
	5,257	1,005	4,252	4,500	248	Negotiation	Mr. Syed Shahid Khursheed Ali
	1,746	679	1,067	1,067	-	Negotiation	Yunus Energy Limited - Associate
	1,557	1,041	516	1,090	574	Company policy	Mr. Muhammad Imran - Employee
	1,405	269	1,136	1,408	272	Company policy	Mr. Naeem Qaiser - Employee
	19,999	11,085	8,914	13,543	4,629		
Total	201,463	162,223	39,240	20,519	(18,723)		

4.1.3 Leasehold and freehold land are situated at the manufacturing facilities having combined area of 137.8 acres.

4.2 Capital work-in-progress

	Gadoon Amazai					Karachi Project					
	Civil works	Plant and machinery	Vehicles	Markup capitalized	Sub-total	Civil works	Plant and machinery	Vehicles	Markup capitalized	Sub-total	Total
	(Rupees in '000)										
Year ended June 30, 2019											
Balance as at July 1, 2018	-	241,015	5,365	42,217	288,597	100,284	51,809	5,223	1,615	158,931	447,528
Additions during the year	69,366	1,189,221	48,376	16,841	1,323,804	262,856	1,189,245	14,011	36,980	1,503,092	2,826,896
Transfers to operating fixed assets	(48,168)	(1,389,481)	(53,741)	(58,382)	(1,549,772)	(172,824)	(1,241,054)	(19,234)	(31,213)	(1,464,325)	(3,014,097)
Balance as at June 30, 2019	21,198	40,755	-	676	62,629	190,316	-	-	7,382	197,698	260,327
Year ended June 30, 2018											
Balance as at July 1, 2017	-	239,897	7,924	41,739	289,560	12,711	288,366	686	1,228	302,991	592,551
Additions during the year	5,253	713,657	109,870	10,302	839,082	106,072	150,045	14,129	5,306	275,552	1,114,634
Transfers to operating fixed assets	(5,253)	(712,539)	(112,429)	(9,824)	(840,045)	(18,499)	(386,602)	(9,592)	(4,919)	(419,612)	(1,259,657)
Balance as at June 30, 2018	-	241,015	5,365	42,217	288,597	100,284	51,809	5,223	1,615	158,931	447,528

5. BIOLOGICAL ASSETS

As at June 30, 2019, the Company held 265 mature livestock (including pregnant livestock) able to produce milk and 351 immature livestock which are being raised to produce milk in the future. The Company also held 12 breeding bulls.

The valuation of dairy livestock as at June 30, 2019 has been carried out by an independent valuer. In this regard, the valuer examined the physical condition of the livestock, assessed the farm conditions and relied on the representations made by the Company as at June 30, 2019. Further, in the absence of an active market of the Company's dairy livestock in Pakistan, market and replacement values of similar live stock from active markets in USA, EU and Australia, have been used by the independent valuer as a basis of his valuation. The valuation is considered to be level 2 in the fair value hierarchy due to observable market data other than quoted prices in active markets.

Gain arising from changes in fair value of livestock amount to Rs. 77.95 million.

6. LONG-TERM ADVANCE

- Considered doubtful

	Note	2019	2018
		(Rupees in '000)	
Investment in a joint venture - Advance	6.1	66,667	66,667
Less: Provision against advance		(66,667)	(66,667)
		-	-

6.1 This represents first and second tranche of advance for a Joint Venture Project of Rs. 4,250 million. The principal activity of the Joint Venture Project was acquisition and development of a real estate project in Karachi through a Joint Venture Company. The Company's share in this Joint Venture project is ten percent. Currently, the future of this project is not certain and the recovery of this amount is considered doubtful.

	Note	2019	2018
		(Rupees in '000)	
7. LONG - TERM LOANS			
- Considered good			
Loan to employees	7.1		
Related parties - Key management personnel		31,781	21,757
Other employees		31,734	33,017
		63,515	54,774
Less: current portion	13	(19,838)	(19,443)
		43,677	35,331

7.1 These are interest free loans recoverable in monthly installments over a period of three years. These loans are secured against employees' retirement benefit obligation.

7.2 The maximum amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2019 was Rs. 48.08 million (2018: Rs. 41.49 million).

	Note	2019	2018
		(Rupees in '000)	
8. LONG - TERM INVESTMENTS			
Investment in subsidiary - cost	8.1	164,216	-
Investments in associates - equity method	8.2	2,705,596	2,686,920
		2,869,812	2,686,920

8.1 Investment in subsidiary - cost

This represents the investment in Gadoon Holdings (Private) Limited (GHPL) – a wholly owned subsidiary. The principal place of business of GHPL is in Pakistan.

During the current year, a Scheme of Arrangement (Scheme) was filed by the management of Lucky Holdings Limited (LHL) - an associate, before the Honourable Sindh High Court (SHC), after the required approvals from the Board of Director and shareholders of LHL.

The SHC vide its order dated April 11, 2019 sanctioned the Scheme effective from start of business on July 01, 2018. A certified copy of the Court order has been filed by LHL with SECP.

The Scheme, amongst other arrangements, determines LHL Demerged Undertakings as primarily comprising the assets, liabilities and obligations of LHL relating to its underlying investment in ICI Pakistan Limited - an associate. Under the Scheme, the share of LHL Shareholders in LHL Demerged Undertakings proportionate to their respective shareholding in LHL has been amalgamated with and into their respective wholly owned subsidiary companies and their proportionate shares in LHL to that extent have been cancelled. Consequently, out of Company's total investments in LHL, an amount of Rs. 164.12 million have been transferred to GHPL.

8.1.1 Summarized effect of restructuring:

Cancellation of shares of LHL (refer note 8.4) Rs. 184.39 million; reduction in deferred tax liability pertaining to LHL Rs. 16.48 million; and amount transferred as investment in GHPL Rs. 164.12 million. This has resulted in loss of Rs. 3.79 million as recognized in revenue reserves of the Company.

	Note	2019	2018
		(Rupees in '000)	
8.2 Investment in associates - equity method			
ICI Pakistan Limited (ICIP)	8.3	1,761,406	1,661,022
Lucky Holdings Limited (LHL)	8.4	4,284	185,341
Yunus Energy Limited (YEL)	8.5	939,906	840,557
		2,705,596	2,686,920

8.2.1 Investment in Lucky Holdings have been calculated after incorporating the effect of transaction as appearing in note 8.1 to these unconsolidated financial statements.

8.2.2 The Company's investment in ICIP, LHL and YEL is less than 20% but these are considered associates as the Company has significant influence over the financial and operating policies through representation on the board of directors of these companies.

8.2.3 The principal place of business of all the associates is located in Pakistan.

	2019	2018
	(Rupees in '000)	
8.3 Investment in ICI Pakistan Limited (ICIP) - at equity method		
Number of shares held	5,980,917	5,980,917
Cost of investment (Rupees in '000)	1,114,963	1,114,963
Fair value of investment (Rupees in '000)	3,184,659	4,793,705
Ownership interest	6.48%	6.48%
Balance as at July 01	1,661,022	1,571,147
Share of profit	176,596	213,688
Share of other comprehensive income / (loss)	1,540	(16,157)
Dividend received	(77,752)	(107,656)
Balance as at June 30	1,761,406	1,661,022

The financial year end of ICIP is June 30, 2019. Summarized financial highlights of ICIP and the related share of the Company as at year end are as follows:

	2019	2018
	(Rupees in '000)	
Total assets	49,441,421	45,012,532
Total liabilities	(28,048,855)	(24,979,698)
Net assets	21,392,566	20,032,834
Company's share of net assets	1,386,238	1,298,128
Revenue	59,382,411	49,992,068
Profit for the year	2,536,630	3,297,654
Company's share of profit	164,374	213,688
Other comprehensive income / (loss) for the year	23,770	(249,330)
Company's share of other comprehensive income / (loss)	1,540	(16,157)

	Note	2019	2018
		----------------- (Rupees in '000) ----------------	

8.4 Investment in Lucky Holdings Limited (LHL) - at equity method

	Note	2019	2018
Number of shares held		8,580	1,500,000
Cost of investment (Rupees in '000)		429	74,920
Ownership interest		1%	1%
Balance as at July 01		185,341	164,843
Cancellation of shares due to restructuring	8.1.1	(184,396)	-
Share of profit		3,339	22,301
Share of other comprehensive loss		-	(1,803)
Balance as at June 30		4,284	185,341

The financial year end of LHL is June 30, 2019. LHL results for the year are not comparable with last year due to restructuring as disclosed in note 8.2.1 of these financial statements. Summarized financial highlights of LHL as at year end and the related share of the Company are as follows:

	2019	2018
	----------------- (Rupees in '000) ----------------	
Total assets	775,242	50,773,791
Total liabilities	(375,827)	(27,269,327)
Net assets	399,415	23,504,464
Company's share of net assets	3,994	235,045
Revenue	423,750	49,992,068
Profit for the year	333,941	3,032,209
Company's share of profit	3,339	22,301
Other comprehensive loss for the year	-	(243,169)
Company's share of other comprehensive loss	-	(1,803)

8.5 Investment in Yunus Energy Limited (YEL) - at equity method

	2019	2018
Number of shares held	61,136,500	61,136,500
Cost of investment (Rupees in '000)	611,365	611,365
Ownership interest	19.98%	19.98%
Balance as at July 01	840,557	736,725
Share of profit	284,034	241,181
Share of other comprehensive (loss) / income	(1,275)	208
Dividend received	(183,410)	(137,557)
Balance as at June 30	939,906	840,557

The financial year end of YEL is June 30, 2019. Summarized financial highlights of YEL as at year end and the related share of the Company are as follows:

	2019	2018
	----------------- (Rupees in '000) ----------------	
Total assets	12,467,075	12,392,073
Total liabilities	(7,851,249)	(8,272,755)
Net assets	4,615,826	4,119,318
Company's share of net assets	922,242	823,040
Revenue	2,939,540	2,601,285
Profit for the year	1,420,174	1,205,903
Company's share of profit	284,034	241,181
Other comprehensive (loss) / income for the year	(6,379)	1,039
Company's share of other comprehensive (loss) / income	(1,275)	208

9. STORES, SPARES AND LOOSE TOOLS

	2019	2018
Stores	246,236	261,155
Spares in		
- hand	350,002	291,393
- transit	61,366	47,810
Loose tools	1,035	1,062
	658,639	601,420
Less: Provision for slow moving stores, spares and loose tools	(52,101)	(52,101)
	606,538	549,319

10. STOCK-IN-TRADE

	2019	2018
Raw material in		
- hand	6,080,886	5,838,903
- transit	632,267	477,945
	6,713,153	6,316,848
Work-in-process	345,359	286,033
Finished goods		
- Yarn	1,261,788	707,074
- Knitted fabric	41,104	44,712
- Waste	36,522	114,894
	1,339,414	866,680
	8,397,926	7,469,561

11. CONSUMABLES

	2019	2018
Feed	9,186	-
Unprocessed milk	249	-
	9,435	-

	Note	2019	2018
		(Rupees in '000)	

12. TRADE DEBTS

	Note	2019	2018
Considered good			
Foreign - Secured		1,103,762	861,002
Local - Unsecured	12.1	2,413,985	1,603,179
		3,517,747	2,464,181
Considered doubtful			
Local - Unsecured		4,093	4,093
Provision for loss allowance	38.2.1	(4,093)	(4,093)
		-	-
		3,517,747	2,464,181

12.1 Trade balances outstanding from associated companies are as:

	2019	2018
Lucky Textile Mills Limited	17,103	4,634
Lucky Knits (Private) Limited	1,798	1,745
	18,901	6,379

12.2 The maximum amount due from related parties, at the end of any month during the year were Rs. 78.49 million (June 30, 2018: Rs. 181.8 million). The transactions with associated companies are carried on agreed terms.

12.3 Following are the details of debtors in relation to export sales:

Jurisdiction	Category	Note	2019	2018
			(Rupees in '000)	
Asia	Letter of credit		456,919	658,407
	Contract		183,073	-
Europe	Letter of credit		27,008	-
	Contract		10,510	46,618
Central America	Letter of credit		-	154,242
	Contract		103,743	-
North America	Contract		322,509	1,735
Total	Letter of credit		587,670	812,649
	Contract		516,092	48,353

13. LOANS AND ADVANCES

- Unsecured - considered good

	Note	2019	2018
Current portion of long term loans	7	19,838	19,443
Advance to employees		13,203	8,457
Advance to suppliers and contractors	13.1	89,868	251,764
Letters of credit, fee and expenses		921	407
Subordinated loan	13.2.1	22,521	-
Advance against shares	13.2.2	39,566	6,925
LC Margin		14,074	-
		199,991	286,996

13.1 As at June 30, 2018 the balance included advance given for pilot project of dairy farm. Since the dairy project has started its commercial operations on and from June 30, 2019 (refer note 5 to the financial statements), it has now been reclassified in respective financial statement line items.

13.2 This represents subordinated loan and advance against shares in following companies. The shares will be issued in due course in accordance with the regulatory requirements.

	Note	2019	2018
		(Rupees in '000)	
13.2.1 Subordinated loan			
Tricom Solar Power (Private) Limited	13.3	6,599	-
Tricom Wind Power (Private) Limited	13.3	10,773	-
Yunus Wind Power Limited	13.3	5,149	-
		22,521	-
13.2.2 Advance against shares			
Tricom Solar Power (Private) Limited		-	4,534
Tricom Wind Power (Private) Limited	13.3	39,566	1,797
Yunus Wind Power Limited		-	594
		39,566	6,925

13.3 As part of strategic investments, the Company had given subordinated loan and advance against issuance of shares to Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited and Yunus Wind Power Limited. However, during the current year, the Company has obtained extension from the shareholders regarding their previous approval (dated: April 13, 2018), in respect of investment in the above mentioned companies, as the time frame of 12 months from the passing of special resolution as required under Regulation 6 of the "Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017" was expiring and the Company was unable to invest the entire approved amounts in any of these three Companies, on account of remaining legal formalities.

However, the Company is actively pursuing this matter to ensure that investment is made within the approved time.

14. OTHER RECEIVABLES

	Note	2019	2018
		(Rupees in '000)	
Considered good			
Sales tax		430,644	433,623
Federal excise duty		26,201	27,762
Claims receivable		4,330	33,865
Rebate receivable on export sales		256,865	460,723
Others		1,841	2,104
		719,881	958,077
Considered doubtful			
Claims receivable	23.1.2	20,000	20,000
Sales tax	14.1	52,439	52,439
Others	14.2	5,600	5,600
		78,039	78,039
Provision for doubtful other receivables		(78,039)	(78,039)
		-	-
		719,881	958,077

14.1 Pursuant to S.R.O. 179 of 2013 dated March 7, 2013, the Company filed a special sales tax return and paid Rs. 52.4 million being 2% of the value of zero rated supplies made by the Company during the period from April 2011 to February 2013. The said amount has been paid by the Company under protest and it has filed an appeal before the tax authority for refund of such amount. However, being prudent, the Company has fully provided the amount in these financial statements.

14.2 The Company received a demand cum show cause notice for the amount of Rs. 13.17 million from Custom Authorities deleting their Manufacturing Bond Entry for import of Polyester Staple Fiber (PSF). The Company has paid Rs. 5.61 million under protest against this demand and also made provision for the same amount. Since the goods were imported for re-export, the FBR has rectified the anomaly through S.R.O. 688(I)/2010 dated July 27, 2010. Management believes that no further provision is required for the remaining amount and the amount so paid shall become refundable.

15. SALES TAX REFUND BOND

Sales tax refund bonds are issued by the Federal Board of Revenue (FBR) against sales tax refundable of Rs. 110 million. The bonds so issued bear profit @ 10% per annum. Profit is accrued in the statement of profit or loss on sales tax refund bonds for the period amounting to Rs. 0.79 million.

	Note	2019	2018
		(Rupees in '000)	
16 CASH AND BANK BALANCES			
Cash in hand		7,950	8,119
Cash with banks in - current account	16.1	98,347	180,744
		106,297	188,863

16.1 It includes balances in foreign currency bank accounts amounting to US Dollars 7,126 equivalent to Rs. 1.16 million (2018: US Dollars 7,126 equivalent to Rs. 0.87 million).

17. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
(Number of Shares)			(Rupees in '000)	
6,000,000	6,000,000	Ordinary shares of Rs. 10 each fully paid in cash	60,000	60,000
17,437,500	17,437,500	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	174,375	174,375
4,592,083	4,592,083	Ordinary shares of Rs. 10 each issued as fully paid in pursuant of amalgamation	45,921	45,921
28,029,583	28,029,583		280,296	280,296

17.1 As at June 30, 2019, Y.B. Holdings (Private) Limited (the Holding Company) hold 19,499,741 (2018: 19,499,741) ordinary shares of Rs. 10 each.

17.2 The Company has one class of ordinary shares which carries no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

	2019	2018
	(Rupees in '000)	
18. LONG TERM FINANCE		
- Banking companies - secured		
Long term finance	2,675,091	594,338
Less: Current portion of long term finance	(52,728)	-
	2,622,363	594,338

The Company has entered into a long term finance agreement with commercial banks, with an approved limit of Rs. 3.09 billion (June 30, 2018: Rs. 605 million). The facility carries a mark-up ranging from SBP Base Rate + 0.1% to SBP Base Rate + 0.6% payable on a quarterly basis (June 30, 2018: SBP Base Rate + 0.1% to SBP Base Rate + 0.3% payable on a quarterly basis). The tenure of this facility is 10 years including grace period of 2 years, starting from July 10, 2017. The Company has drawn Rs. 2.67 billion upto June 30, 2019 (June 30, 2018 Rs. 594 million).

The above financing agreement is secured by pari passu charge over plant and machinery of the Company.

	Note	2019	2018
		(Rupees in '000)	
19. RETIREMENT BENEFIT OBLIGATION			
Retirement benefit obligation	19.1	562,984	533,769

19.1 Staff retirement gratuity

The Projected Unit Credit method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation are as under:

	2019	2018
Valuation discount rate	14.25%	8%
Salary increase rate (Long term)	12.25%	8%
Salary increase rate (Short term)	9.25% for 3 years	12% for 2 years
Mortality rate	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

	2019	2018
	(Rupees in '000)	
19.2 Liability recognized in the statement of financial position		
Present value of defined benefit obligation	562,984	533,769

	Note	2019	2018
		(Rupees in '000)	
19.3 Movement in liability during the year			
Balance as at July 1		533,769	446,314
Expense recognized in the statement of profit or loss	19.4	212,939	180,700
Gratuity transferred from dairy farm		407	-
Total remeasurements recognized in the statement of other comprehensive income	19.5	(73,048)	(7,297)
Benefits paid		(111,083)	(85,948)
Balance as at June 30		562,984	533,769
19.4 Expense recognized in the statement of profit or loss			
Current service cost		174,681	148,433
Interest cost		38,258	32,267
		212,939	180,700
19.5 Total remeasurements recognized in the statement of other comprehensive income			
Actuarial gain on liability arising on			
- financial assumptions		(51,546)	-
- demographic assumptions		-	3,028
- experience adjustments		(21,502)	(10,325)
		(73,048)	(7,297)

19.6 **Sensitivity analysis**

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption %	Increase / (decrease) in defined benefit obligation: Increase in assumption	Decrease in assumption
		(Rupees in '000)	
Discount rate	1	(6,600)	5,918
Salary growth rate	1	8,749	(9,490)

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the statement of financial position.

19.7 The gratuity scheme exposes the Company to the following risks:

Longevity risk: The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk: The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salaries are higher than expectation and impacts the liability accordingly.

Withdrawal risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

19.8 The weighted average duration of defined benefit obligation as at June 30, 2019 is 31.18 years (2018: 32.7 years).

	Note	2019	2018
		(Rupees in '000)	
19.9 Expected maturity analysis of undiscounted retirement benefit plans			
Undiscounted payments			
Year 1		137,663	104,253
More than 1 year		529,399	486,493
20. DEFERRED TAX LIABILITIES			
Balance as at June 30	20.1	889,350	696,275

20.1 **Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of following:**

	2019	2018
	(Rupees in '000)	
Deferred credits / (debits) arising due to:		
- Accelerated tax depreciation on property, plant and equipment	894,906	719,199
- Provision against retirement benefit obligation	(111,364)	(101,253)
- Provision against long term advance	(13,187)	(12,647)
- Provision against stores, spares and loose tools	(10,306)	(9,883)
- Provision against doubtful other receivables	(15,437)	(14,803)
- Gain arising from changes in fair value of livestocks	22,605	-
- Share of profit from associates	122,133	115,662
	889,350	696,275

20.2 The income tax department did not allow credit of unabsorbed tax depreciation worked out for the tax holiday period from 1990 to 2000 against the profits of post tax holiday period. The Company filed appeal before the Commissioner of Inland Revenue (Appeals) and Appellate Tribunal Inland Revenue. In 2012, the matter was decided in favour of the Company but appeal effect order had not been given by the tax department. The income tax department filed appeal in Peshawar High Court and the matter is pending adjudication. Deferred tax asset approximately of Rs. 133.52 million on tax depreciation related to tax exempt period from 2010 to 2012 has also not been recorded due to uncertainty of recovery.

	Note	2019	2018
		(Rupees in '000)	
21 TRADE AND OTHER PAYABLES			
Creditors		485,154	459,588
Foreign bills payable		465,188	132,822
Advance from customers		27,811	52,075
Accrued liabilities		2,503,791	2,305,943
Withholding income tax		1,008	1,388
Sales tax		12,035	11,391
Workers' welfare fund		105,728	96,213
Workers' profit participation fund	21.1	53,231	642
Others		41,749	28,417
		3,695,695	3,088,479

	Note	2019	2018
		----------------- (Rupees in '000) ----------------	
21.1 Workers' profit participation fund			
Balance as at July 1		642	57,102
Provision made during the year	29	87,148	77,825
Interest on funds utilized in business	28	6	14,302
Payments made during the year		(34,565)	(148,587)
Balance as at June 30		53,231	642
22. SHORT TERM BORROWINGS			
Banking companies - secured			
Running finance under mark-up arrangements	22.1	8,629,697	6,819,999
Short term finances	22.2	695,250	2,889,750
Foreign currency loan against: - Export re-finance	22.3	601,736	155,157
		9,926,683	9,864,906

22.1 Facilities for running finance, import finance, export finance and export refinance are available from various commercial banks upto Rs. 28.61 billion (2018: Rs. 27.78 billion). For running finance facility, the rates of mark-up range between KIBOR + 0.00% to KIBOR + 0.50% per annum (2018: KIBOR + 0.00% to KIBOR + 0.20% per annum). These are secured against hypothecation of stock, receivables and plant and machinery.

22.2 This represents short term finance facilities under sub-limit of the facilities mentioned in note 22.1 from various commercial banks having mark-up ranging between KIBOR - 0.05% to KIBOR + 0.00% per annum (2018: KIBOR - 0.12% to KIBOR + 0.00% per annum). These are secured against hypothecation of stock, charge on receivables and plant and machinery.

22.3 The rate of mark-up on export re-finance is 2.1% to 2.5% (2018: 2.1%).

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

23.1.1 Outstanding guarantees given on behalf of the Company by commercial banks in normal course of business amounting to Rs. 1,129.55 million (2018: Rs. 990.04 million).

23.1.2 In prior years, Sui Northern Gas Pipeline Limited (SNGPL) charged the Company with an amount of Rs. 168 million on account of under billing of gas. The Company lodged a complaint with the Appellate Authority (the Authority) against SNGPL and on January 21, 2010, the Authority partly admitted the plea of the Company and allowed partial relief of Rs. 53.89 million. The Company has paid Rs. 113.63 million in prior years. Subsequent to the decision of the Authority, both the Company (to claim additional relief) and SNGPL (against the relief provided) have filed appeals with higher authorities against the decision. Management is of the view that no further liability will arise as it is expected that the final outcome of this case will be in its favour.

23.1.3 The Company filed a suit before the High Court of Sindh, challenging the applicability of Gas Infrastructure Development Cess (GIDC) Act, 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GIDC over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GIDC as a tax was not levied in accordance with the Constitution and hence not valid.

In September 2014, the Federal Government promulgated GIDC Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the ground that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the said Ordinance was approved in the Parliament and became an Act.

The Company has challenged GIDC Act, 2015 and filed writ petition in the Peshawar High Court (PHC) challenging the vires and legality of the levy and demand of GIDC including its retrospective application. The Court has granted stay against charging of the GIDC under the said Act.

On May 31, 2017, PHC dismissed the said petition, however, the Company has obtained interim relief from the payment of GIDC through monthly bills. Further, the Company has filed Civil Petition for Leave to Appeal (CPLA) in honorable Supreme Court, against the said order of PHC.

Since this issue is being faced by industry at large, management is of the view that decision of the case will be in its favour and there is no need to maintain any provision against this liability.

23.1.4 National Accountability Bureau (NAB) had filed a reference on February 2, 2016 against Executives of the Company in the Accountability Court (Peshawar), alleging that the Company purchased electricity from Peshawar Electric Supply Company (PESCO) at a cheaper price and at the same time it sold the electricity to PESCO at a higher price. The management believes that the allegations are false, unsubstantiated and unfounded. The case is devoid of merits as the Company sold the electricity after required approvals, licenses and at price on which all captive power plants were selling electricity to distribution companies in accordance with approved policy of Government of Pakistan.

23.1.5 The Finance Act 2010 had introduced Clause 126F in Part I of Second Schedule of Income Tax Ordinance, 2001 (the Ordinance) exempting the tax on profits and gains derived by a tax payer located in the 'war on terror' affected areas of Khyber Pakhtunkhwa. As a result of this change, the income of the Company including tax on export proceeds for tax years 2010 to 2012 was exempt. However, the said clause does not specifically address the exemption of turnover tax under Section 113. In this regard, some companies located in the affected areas filed a petition in PHC against the recovery of turnover tax seeking a declaration regarding Section 113 and 159 as discriminatory and contrary to the Constitution and the Court granted a relief restraining the recovery of turnover tax. The Company along with other companies in the affected areas also filed the petition on the same grounds. The PHC in its order dated July 19, 2012, directed the respondents to extend the benefit to the Company. Subsequently, the Chief Commissioner Inland Revenue filed an appeal in the Supreme Court of Pakistan against the Company and other tax payers of the affected areas, which is pending for adjudication.

Through the Finance Act, 2015, a sub clause (XX) of clause 11(A) of the Second Schedule to the Ordinance has been added which gives relief to the Company that Section 113 does not apply to the tax payers falling under clause 126F. However, the matter of tax charged on other than local sales i.e. tax on export, is still pending for adjudication. Based on the judgment of the PHC management believes that the Company will not be subject to tax on export sales and hence, has not made any provision on account of tax on export sales for the years ended June 30, 2010, 2011 and 2012.

23.1.6 The Income Tax return of Fazal Textile Mills Limited (FTML) (previously merged with the Company in the year 2015) for the tax year 2013 was amended under section 122(5A) by Additional Commissioner Income Revenue (ACIR) vide its order dated March 4, 2014 on account of certain disallowances primarily against Worker's Welfare Fund (WWF). The Company filed an appeal against the amended order against which Commissioner Inland Revenue Appeals (CIRA) allowed some relief to the Company. The Company being dissatisfied had filed an appeal in the Appellate Tribunal which is pending adjudication. On the other hand Federal Board of Revenue (FBR) has selected said return for the audit under sections 177 and 214C. In pursuance to the aforementioned audit the amended assessment order was further amended by the Deputy Commissioner Inland Revenue (DCIR) making additions of Rs 1.63 million on account of certain disallowed expenses, levied WWF of Rs. 9.16 million and also restricted tax refundable to the amount of advance tax thereby reducing it by Rs. 48.89 million. The Company had filed an appeal before CIRA against the said audit on the grounds that the assessment was prejudicially re-amended without evaluating current status. The appeal is pending adjudication.

Based on the opinion of tax advisors of the Company, the management believes that the aforementioned matters will ultimately be decided in the favour of the Company. Accordingly, no provision is required to be made against the said amounts in these financial statements.

23.1.7 The Assistant Commissioner Inland Revenue (ACIR), Peshawar, has passed an order for the Tax Year 2015 which was under audit. The Company has preferred an appeal before the Commissioner Inland Revenue (Appeals) (CIRA) against the frivolous demand created by the ACIR. CIRA has given partial relief and the tax demand has now been reduced to Rs. 462 million. The Company has filed a second appeal before the Appellate Tribunal Inland Revenue (ATIR) for relief of remaining unjustified additions for which the order was received on December 14, 2018 in favour of the Company. Although, there were some difference of legal opinion between the Judicial and Accountant Member, therefore an independent member of Tribunal have to be appointed to resolve the matter. According to the Company's legal counsel, the Company has a strong legal ground and there is likelihood that the same will be decided in its favour. Accordingly, no provision is required to be made in these financial statements.

23.1.8 The Additional Commissioner Inland Revenue has issued an Order dated April 30, 2019 under section 122(9) of the Ordinance for the Tax Year 2013, created the demand of Rs. 60 million on the issues of carried forward unabsorbed depreciation and tax credit under section 65B of the Ordinance, which actually pertains to the Tax Year 2012, hence, barred by time for assessment. In response, the Company has also filed an appeal before Commissioner Inland Revenue – Appeals against the said impugned order.

Further, the Company has also moved forward to file the Review in Writ Petition before the honorable PHC, after receiving impugned judgement passed in utter haste without mentioning proper argument presented by the Company's legal counsel, who is assertive to steer the decision with firm legal and factual arguments, in favour of the Company. Thus, no additional provision is recorded in this regards.

	2019	2018
	(Rupees in '000)	
23.1.9 Others		
Export bills discounted with recourse	1,277,307	2,562,265
Local bills discounted	192,333	126,873
Indemnity bond in favour of Collector of Customs against imports	5,906	4,105
Post-dated cheques in favour of Collector of Customs against imports	974,071	456,182

23.2 Commitments

Letters of credit opened by banks for:		
Plant and machinery	836,937	254,806
Raw materials	225,272	267,771
Stores and spares	38,500	63,280

Further, the Company has outstanding contractual commitment under sponsors support agreement, for debt servicing of two loan installments upto Rs. 338 million on behalf of Yunus Energy Limited, an associated undertaking.

	Note	2019	2018
		(Rupees in '000)	
24. SALES - net			
Export			
- Yarn		6,416,132	8,853,725
- Knitted fabric		1,318,881	930,130
- Waste		702,111	649,668
		8,437,124	10,433,523
Commission on direct export sales		(91,278)	(103,972)
		8,345,846	10,329,551
Local			
- Yarn		22,381,325	16,578,091
- Knitted fabric		139,921	489,645
- Waste		480,266	271,507
		23,001,512	17,339,243
Commission on local sales		(117,587)	(75,572)
Sales tax		(12,292)	(38,535)
		22,871,633	17,225,136
		31,217,479	27,554,687

	Note	2019	2018
25. COST OF SALES			
Opening stock - finished goods		866,680	1,280,468
Cost of goods manufactured	25.1	28,797,490	25,196,009
Less: Closing stock - finished goods	10	(1,339,414)	(866,680)
		28,324,756	25,609,797

	Note	2019	2018
		(Rupees in '000)	

25.1 Cost of goods manufactured

	Note	2019	2018
Raw material consumed	25.1.1	21,072,612	17,713,068
Salaries, wages and benefits	25.1.2	2,296,835	2,048,132
Stores, spares and loose tools		739,476	622,643
Packing material		565,069	572,185
Rent, rates and taxes		3,108	2,832
Doubling charges		11,260	13,969
Dyeing, stitching and knitting charges		128,914	164,159
Mixing charges		32,594	31,004
Depreciation	4.1.1	707,426	669,202
Fuel and power	25.1.3	3,160,387	3,263,816
Repairs and maintenance		17,283	23,103
Printing and stationary		418	350
Legal and professional		3,453	8,525
Entertainment		6,561	5,904
Fee and subscriptions		8,270	7,893
Insurance		60,610	36,637
Travelling and conveyance		26,395	20,332
Communication		3,703	3,427
Other manufacturing expenses		12,442	12,336
		28,856,816	25,219,517
Work-in-process			
Opening stock		286,033	262,525
Closing stock	10	(345,359)	(286,033)
		(59,326)	(23,508)
Cost of goods manufactured		28,797,490	25,196,009

25.1.1 Raw material consumed

	Note	2019	2018
Opening stock		6,316,848	4,157,585
Purchases - net		21,468,917	19,872,331
Less: Closing stock	10	(6,713,153)	(6,316,848)
		21,072,612	17,713,068

25.1.2 Salaries, wages and benefits include Rs. 195.45 million (2018: Rs. 165.69 million) in respect of retirement benefit obligation.

25.1.3 This includes depreciation expense of Rs. 58.36 million (2018: Rs. 46.34 million).

26. DISTRIBUTION COST

	Note	2019	2018
		(Rupees in '000)	
Logistic and related charges		275,165	304,599
Loading and others		30,186	30,637
Fee and subscriptions		20,601	25,285
Salaries, wages and benefits	26.1	42,595	28,691
Bank charges on export documents		13,824	24,962
Travelling and conveyance		7,227	11,211
Vehicles running and maintenance		2,344	1,851
Insurance		4,886	5,117
Communication		3,102	2,585
Entertainment		58	108
Printing and stationary		430	392
Repairs and maintenance		71	126
Others		1,275	1,747
		401,764	437,311

26.1 Salaries, wages and benefits include Rs. 6 million (2018: Rs. 3.13 million) in respect of retirement benefit obligation.

27. ADMINISTRATIVE EXPENSES

	Note	2019	2018
		(Rupees in '000)	
Salaries, wages and benefits	27.1	161,346	127,428
Legal and professional		4,648	5,430
Depreciation	4.1.1	29,046	20,739
Travelling and conveyance		12,915	8,644
Electricity		11,887	12,306
Fee and subscriptions		5,261	8,777
Vehicles running and maintenance		12,325	10,700
Insurance		13,856	10,587
Communication		6,206	6,053
Entertainment		2,505	2,286
Secretarial expenses		1,913	1,977
Auditors' remuneration	27.2	1,600	1,300
Printing and stationary		5,480	3,190
Repairs and maintenance		5,297	2,459
Advertisement		23	160
Rent, rates and taxes		314	330
Books and periodicals		61	54
Others		2,249	1,825
		276,932	224,245

27.1 Salaries, wages and benefits include Rs. 11.49 million (2018: Rs 11.88 million) in respect of retirement benefit obligation.

	Note	2019	2018
		---------------- (Rupees in '000)	----------------

27.2 Auditors' remuneration

	Note	2019	2018
Statutory audit fee		1,350	1,150
Half yearly review and other certifications		150	150
Audit fee for consolidated accounts		100	-
		1,600	1,300

28. FINANCE COST

	Note	2019	2018
Mark-up / interest on:			
Long term finance		27,047	9,352
Short term borrowings		1,075,853	516,307
Workers' profit participation fund	21.1	6	14,302
		1,102,906	539,961
Bank and other financial charges		51,513	50,329
		1,154,419	590,290
Less: Borrowing cost capitalized	28.1	(56,470)	(15,608)
		1,097,949	574,682

28.1 Borrowing cost is capitalized at weighted average borrowing capitalization rate of 4.06% (2018: 3.77%).

	Note	2019	2018
		---------------- (Rupees in '000)	----------------

29. OTHER OPERATING EXPENSES

	Note	2019	2018
Workers' profit participation fund	21.1	87,148	77,825
Workers' welfare fund		9,515	5,024
Exchange loss on foreign currency transactions - net		-	76,007
Loss on disposal of property, plant and equipment - net		-	2,357
Others		938	180
		97,601	161,393

30. OTHER INCOME

	Note	2019	2018
Profit on deposit accounts		1,407	1,515
Profit accrued on long term bonds		797	-
Scrap sales		38,364	36,077
Rebate on export sales		38,781	411,625
Gain arising from changes in fair value of livestock		77,947	-
Exchange gain on foreign currency bank account - net		307	-
Gain on disposal of property, plant and equipment - net		6,257	-
		163,860	449,217

31. TAXATION

	Note	2019	2018
Current			
- for the year		281,027	257,481
- prior year		4,011	1,682
		285,038	259,163
Deferred		194,975	29,187
		480,013	288,350

31.1 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these financial statements as the total income of the Company attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

31.2 Management had a practice of recording tax expense based on the generally accepted interpretation of tax laws and accordingly sufficient provision in respect of taxation for last three years has been provided in these financial statements.

31.3 As per section 5(A) of the Income Tax Ordinance, 2001, tax at the rate of 5% shall be imposed on every public Company which derives profit for the year. However, this tax shall not apply in case of the Company which distributes at least 20 percentage of after tax profits within six months of the end of the tax year in the form of cash dividend. Liability in respect of such tax, if any, is recognized when the prescribed time period for distribution of dividend expires.

32. EARNINGS PER SHARE - Basic and Diluted

There is no dilutive effect on the basic earnings per share of the Company which is based on:

		2019	2018
Profit for the year	Rupees in '000	1,166,293	1,185,296
Ordinary shares	Number of shares	28,029,583	28,029,583
Earnings per share	Rupees	41.61	42.29

	Note	2019	2018
		---------------- (Rupees in '000)	----------------

33. CASH GENERATED FROM OPERATIONS

	Note	2019	2018
Profit before taxation		1,646,306	1,473,646
Adjustments for:			
Depreciation		794,827	736,284
(Gain) / loss on disposal of property, plant and equipment		(6,257)	2,357
Gain arising from changes in fair value of livestock		(77,947)	-
Finance cost		1,097,949	574,682
Share of profit from associates		(463,969)	(477,170)
Rebate on export sales		(38,781)	(411,625)
Profit accrued on sales tax refund bond		(797)	-
Profit on deposits		(1,407)	(1,515)
Provision for retirement benefit obligation		212,939	180,700
Working capital changes	33.1	(1,105,007)	(2,248,641)
		411,550	(1,644,928)
Cash generated from operations		2,057,856	(171,282)

33.1 Working capital changes

	2019	2018
	(Rupees in '000)	
(Increase) / decrease in current assets		
Stores, spares and loose tools	(52,906)	(57,529)
Stock-in-trade	(928,365)	(1,768,983)
Trade debts	(1,050,219)	(713,412)
Loans and advances	(68,219)	(20,193)
Trade deposits and short term prepayments	23,372	(14,594)
Sales tax refund bond	(110,000)	-
Other receivables	34,375	285,154
	(2,151,962)	(2,289,557)
Increase / (decrease) in current liabilities		
Export re-finance	446,579	(268,146)
Trade and other payables	600,376	309,062
Working capital changes	(1,105,007)	(2,248,641)

34. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in respect of remuneration and other benefits paid to chief executive and executives of the Company were as follows:

	2019		2018	
	Chief Executive	Executives	Chief Executive	Executives
	Rupees in '000			
Remuneration	13,200	46,068	13,200	28,798
House rent	3,600	13,820	3,600	8,639
Utilities	1,200	4,607	1,200	2,880
Bonus	1,875	8,092	1,875	4,173
Medical	-	4,607	-	2,880
Leave encashment	-	3,852	-	2,429
Retirement benefits	-	13,019	-	13,082
	19,875	94,065	19,875	62,881
Number of persons	1	19	1	19

34.1 The Company also provides vehicles for use to Chief Executive and Executives as per Company policy.

34.2 No remuneration has been paid to Directors of the Company except for meeting fee of Rs.1.17 million (2018: Rs. 0.99 million).

35. PRODUCTION CAPACITY

	2019	2018
Spinning Mill		
Total number of spindles installed	342,420	332,724
Number of shifts worked per day	3	3
Number of days worked	365	365
Number of shifts worked	1,094	1,094
Total number of spindles worked	352,808,927	352,519,113
Installed capacity after conversion into 20's (Kgs)	143,370,707	139,311,008
Actual production after conversion into 20's (Kgs)	134,417,781	132,048,782
Actual production (Kgs)	78,464,630	81,335,356
Knitting		
Total number of knitting machines installed	12	12
Average number of days worked	-	-
Installed capacity (Kgs)	1,485,000	1,485,000

It is difficult to describe precisely the production capacity in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist per inch, raw material used, etc.

The knitting capacity has not been used during the year because the Company outsourced its knitting production in order to achieve lower cost of production.

36. NUMBER OF EMPLOYEES

	2019			2018		
Number of employees	Factory	Others	Total	Factory	Others	Total
- At June 30	4,848	135	4,983	4,840	135	4,975
- Average during the year	4,829	133	4,962	4,848	139	4,987

37. RELATED PARTY TRANSACTIONS

Transactions between the Company and the related parties are carried out as per agreed terms. Transactions with related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 34 are as follows:

Name of Related Party	Basis of Relationship	% of share-holding	Nature of Transaction	2019	2018
				---------------- (Rupees in '000)	---------------
Y.B.Holdings (Private) Limited	Ultimate Holding Company	-	Reimbursement of expenses to Company	1,582	1,342
			Dividend paid	170,623	229,122
Gadoon Holdings (Private) Limited	Subsidiary	100%	Investment in shares	100	-
ICI Pakistan Limited	Associate	6.48%	Purchase of fibre	1,678,237	1,960,860
			Share of profit on investment	176,596	213,688
			Share of other comprehensive income/(loss)	1,540	(16,157)
			Dividend received	77,752	107,656
Yunus Energy Limited	Associate	19.98%	Reimbursement of expenses to Company	2,879	12,382
			Reimbursement of expenses from Company	235	-
			Share of profit on investment	284,034	241,181
			Share of other comprehensive (loss)/income	(1,275)	208
			Dividend received	183,410	137,557
			Vehicle sold	1,067	6,096
Lucky Holdings Limited	Associate	1%	Share of profit on investment	3,339	22,301
			Share of other comprehensive income	-	1,803
Lucky Cement Limited	Associated Company	-	Purchase of cement	59,005	21,950
			Reimbursement of expenses to Company	970	1,028
Lucky Knits (Private) Limited	Associated Company	-	Yarn sold	1,201,631	871,999
			Yarn purchase	-	724
			Purchase of goods & services	28,265	34,506
			Reimbursement of expenses to Company	4,432	2,604
Yunus Textile Mills Limited	Associated Company	-	Yarn sold	251,367	291,700
			Sale of waste	77,391	20,780
Lucky Textile Mills Limited	Associated Company	-	Yarn sold	1,667,631	2,007,749
			Sale of fabric	130,244	470,583
			Processing charges	267	2,310
			Reimbursement of expenses to Company	3,369	2,408
Lucky Energy (Private) Limited	Associated Company	-	Purchase of electricity/steam	1,123,074	1,096,878
			Reimbursement of expenses to Company	2,144	1,558
Lucky Landmark (Private) Limited	Associated Company	-	Vehicle sold	-	1,491
			Reimbursement of expenses to Company	3,600	1,200
Tricom Wind Power (Private) Limited	Associated Company	-	Subordinated loan	10,773	-
			Advance against shares	39,566	1,797
Tricom Solar Power (Private) Limited	Associated Company	-	Subordinated loan	6,599	-
			Advance against shares	-	4,534
Yunus Wind Power Limited	Associated Company	-	Subordinated loan	5,149	-
			Advance against shares	-	594
Kia Lucky Motors Pakistan Limited	Associated Company	-	Purchase of vehicle	2,149	1,999

37.1 Associate / Associated Companies comprise of related parties due to common directorship.

38. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

38.1 Financial instruments by category

	2019	2018
	---------------- (Rupees in '000)	---------------
Financial assets		
At amortized cost		
Sales tax refund bond	110,797	-
At fair value through profit or loss		
Loans to employees	63,515	54,774
Trade debts	3,517,747	2,464,181
Loans and advances	14,124	8,864
Other receivables	263,036	496,692
Cash and bank balances	106,297	188,863
	3,964,719	3,213,374
Financial liabilities		
At amortized cost		
Long term finance	2,675,091	594,338
Trade and other payables	3,030,694	2,793,948
Unclaimed dividend	21,879	21,423
Accrued mark-up	318,196	129,830
Short term borrowings	9,926,683	9,864,906
	15,972,543	13,404,445

38.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures. The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:

38.2.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from trade debts, loans and advances and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2019	2018
	----------------- (Rupees in '000) ----------------	
Long term loans	63,515	54,774
Trade debts	3,517,747	2,464,181
Loans and advances	14,124	8,864
Other receivables	263,036	496,692
Bank balances	98,347	180,744
	3,956,769	3,205,255

The trade debts are due from foreign and local customers for export and local sales respectively. Majority of the trade debts from foreign customers are secured against letters of credit. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings. Loans to employees are secured against their gratuity balances.

The Company always measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Company has recognized a loss allowance of Rs. 4.09 million against all local trade debts.

38.2.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

June 30, 2019	Within 1 year	2 - 5 years	More than 5 years	Total
	-- Rupees in '000 --			
Financial liabilities				
Long term financing	52,728	1,467,705	1,154,658	2,675,091
Trade and other payables	3,030,694	-	-	3,030,694
Unclaimed dividend	21,879	-	-	21,879
Accrued mark-up	318,196	-	-	318,196
Short term borrowings	9,926,683	-	-	9,926,683
	13,350,180	1,467,705	1,154,658	15,972,543

June 30, 2018	Within 1 year	2 - 5 years	More than 5 years	Total
	-- Rupees in '000 --			
Financial liabilities				
Long term financing	-	275,605	318,733	594,338
Trade and other payables	2,793,948	-	-	2,793,948
Unclaimed dividend	21,423	-	-	21,423
Accrued mark-up	129,830	-	-	129,830
Short term borrowings	9,864,906	-	-	9,864,906
	12,810,107	275,605	318,733	13,404,445

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements, which includes Short term borrowings and discounting of foreign receivables. Total unavailed facility balances as at June 30, 2019 are as reported in note 22.1 to these financial statements.

38.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2019 the Company is not exposed to price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and Short term borrowings from financial institutions. At the reporting date the interest rate risk profile of the Company's interest-bearing financial instruments is:

	2019	2018
	----------------- (Rupees in '000) ----------------	
Fixed rate instruments		
Financial assets	110,797	-
Financial liabilities	601,736	155,157
Variable rate instruments		
Financial liabilities - KIBOR / SBP Base Rate	12,000,038	10,304,087

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through of profit or loss. Therefore, a change in interest rate at the reporting date would not affect the statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in KIBOR / SBP Base Rate, financial liabilities at the reporting date would have increased / (decreased) equity and profit or loss by Rs. 120 million (2018: Rs. 103.04 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as in previous year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. As at year end, the financial assets and liabilities exposed to currency risk are as follows:

	2019	2018	2019	2018
	USD		PKR in '000	
Trade debts	6,728,998	7,092,271	1,103,762	861,002
Foreign currency bank balances	7,126	7,126	1,162	865
Foreign bills payable	(2,853,914)	(1,094,086)	(465,188)	(132,822)

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2019	2018	2019	2018
US Dollars to PKR	136.4	109.9	163.5 / 163.0	121.6 / 121.4

As at June 30, 2019, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollars with all variables held constant, profit or loss for the year would have been lower / higher by Rs. 63.97 million (2018: Rs. 72.90 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in previous year.

39. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2019, the Company has no financial instruments that falls into any of the above category.

There were no transfers between Level 1 and 2 in the year.

40. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital, i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

41. OPERATING SEGMENTS

Basis of segmentation

A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Board of Directors of the Company for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Company is organized into the following two operating segments:

- Spinning segment: manufacturing and sale of yarn
- Knitting segment: manufacturing and sale of knitted fabric

Management monitors the operating results of the abovementioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in table below, is measured differently from statement of profit or loss in these financial statements. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. All non current assets of the Company as at June 30, 2019 are located in Pakistan.

Liabilities are incurred for the Company as a whole and are not segment-wise reported to the Board of Directors. All the unallocated results and assets are reported to the Board of Directors at entity level. The following information presents operating results information regarding operating segments for the respective years and asset information regarding operating segments as at reporting date:

	2019				2018			
	Spinning	Knitting	Unallocated	Total	Spinning	Knitting	Unallocated	Total
	(Rupees in '000)							
Segment revenues								
Export	7,072,005	1,273,841	-	8,345,846	9,425,847	903,704	-	10,329,551
Local	22,733,740	137,893	-	22,871,633	16,736,937	488,199	-	17,225,136
Profit before tax	777,774	326,616	541,916	1,646,306	684,462	312,014	477,170	1,473,646
Finance cost	1,093,798	4,151	-	1,097,949	571,151	3,531	-	574,682
Depreciation	764,494	1,287	29,046	794,827	714,238	1,307	20,739	736,284
Segment assets								
Property, plant and equipment	9,656,030	4,261	210,068	9,870,359	7,605,213	4,735	181,980	7,791,928
Other non-current assets	-	-	3,072,281	3,072,281	-	-	2,749,970	2,749,970
Current assets	12,112,757	409,454	1,814,504	14,336,715	10,340,513	142,548	2,117,571	12,600,632

42. SUMMARY OF SIGNIFICANT TRANSACTIONS

Significant transaction arising during the year pertains to the following:

- During the year, the Company has established a wholly owned subsidiary by the name of Gadoon Holdings (Private) Limited as disclosed in note 8.1 to these financial statements; and

- Reclassification of advance against pilot project of dairy farm business in respective financial statement line items as disclosed in note 13.1 to these financial statements.

43. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged wherever necessary for better presentation.

44. GENERAL

These financial statements has been rounded off to the nearest thousand rupees.

The Board of Directors proposed a final dividend for the year ended June 30, 2019 of Rs. 8.50 per share (2018: Rs. 8.75 per share) amounting to Rs. 238.25 million (2018: Rs. 245.26 million).

These financial statements were authorized for issue on July 26, 2019 by the Board of Directors of the Company.

MUHAMMAD YUNUS TABBA	**MUHAMMAD SOHAIL TABBA**	**MUHAMMAD IMRAN MOTEN**
Chairman / Director	Chief Executive Officer	Chief Financial Officer

where reward thrives

Financial Statements

Consolidated Financial Statements

independent auditor's report to the members

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Gadoon Textile Mills Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss and consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial statements of the Group as at June 30, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following is the key audit matter:

S.No.	Key audit matters	How the matter was addressed in our audit
1	Contingencies	
	The Group is subject to material litigations involving different courts pertaining to GID Cess, taxation and other matters, which requires management to make assessment and judgements with respect to likelihood and impact of such litigations on the consolidated financial statements of the Company. Management engaged independent legal counsels on these matters. The assessment of provisioning against such litigations is a complex exercise and require significant judgements to determine the level of certainty on these matters. The details of contingencies along with management's assessment are disclosed in note 24 to the consolidated financial statements.	In response to this matter, our audit procedures included: Discussing legal cases with the internal legal department to understand the management's view point and obtaining and reviewing the litigation documents in order to assess the facts and circumstances. Obtaining independent opinion of legal council's dealing with such cases in the form confirmations. We also evaluated the possible outcome of these legal cases in line with the requirements of IAS 37: Provisions, contingent liabilities and contingent assets. The disclosures of legal exposures and provisions were assessed for completeness and accuracy.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the report of audit committee, directors' report, Chairman review, analysis on financial performance, comments on the financial results, key performance indicators, analysis of cost and statement of value additions and its distribution.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and Companies Act, 2017 and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
  We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Hena Sadiq.

Deloitte Yousuf Adil

Chartered Accountants

Karachi
Date: August 20, 2019

consolidated statement of financial position

As at June 30, 2019

	Note	2019	2018
		---------------- (Rupees in '000) ----------------	
ASSETS			
Non-Current Assets			
Property, plant and equipment	5	9,870,359	7,791,928
Biological assets	6	129,665	-
Long term advance	7	-	-
Long term loans	8	43,677	35,331
Long term deposits		29,127	27,719
Long term investments	9	2,890,606	2,686,920
		12,963,434	10,541,898
Current Assets			
Stores, spares and loose tools	10	606,538	549,319
Stock-in-trade	11	8,397,926	7,469,561
Consumables	12	9,435	-
Trade debts	13	3,517,747	2,464,181
Loans and advances	14	199,991	286,996
Trade deposits and short term prepayments		8,901	32,273
Other receivables	15	719,881	958,077
Current tax asset		658,310	651,362
Sales tax refund bond	16	110,797	-
Cash and bank balances	17	112,519	188,863
		14,342,045	12,600,632
Total Assets		27,305,479	23,142,530

	Note	2019	2018
		---------------- (Rupees in '000) ----------------	
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorized			
57,500,000 ordinary shares of Rs.10/- each		575,000	575,000
Issued, subscribed and paid-up capital	18	280,296	280,296
Capital reserves		137,541	137,541
Revenue reserves			
- Owners of the Holding Company		8,791,596	7,795,673
- Non-controlling interests		-	-
		8,791,596	7,795,673
Total Equity		9,209,433	8,213,510
Non-Current Liabilities			
Long term finance	19	2,622,363	594,338
Retirement benefit obligation	20	562,984	533,769
Deferred tax liabilities	21	890,390	696,275
		4,075,737	1,824,382
Current Liabilities			
Trade and other payables	22	3,700,823	3,088,479
Unclaimed dividend		21,879	21,423
Current portion of long term finance	19	52,728	-
Accrued mark-up		318,196	129,830
Short term borrowings	23	9,926,683	9,864,906
		14,020,309	13,104,638
Total Liabilities		18,096,046	14,929,020
Total Equity and Liabilities		27,305,479	23,142,530
CONTINGENCIES AND COMMITMENTS	24		

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

MUHAMMAD YUNUS TABBA	**MUHAMMAD SOHAIL TABBA**	**MUHAMMAD IMRAN MOTEN**
Chairman / Director	Chief Executive Officer	Chief Financial Officer

consolidated statement of profit or loss

For the Year Ended June 30, 2019

	Note	2019	2018
		---------------- (Rupees in '000)	----------------
Sales - net	25	31,217,479	27,554,687
Cost of sales	26	(28,324,756)	(25,609,797)
Gross profit		2,892,723	1,944,890
Distribution cost	27	(401,764)	(437,311)
Administrative expenses	28	(276,997)	(224,245)
		(678,761)	(661,556)
		2,213,962	1,283,334
Finance cost	29	(1,098,179)	(574,682)
Other operating expenses	30	(98,767)	(161,393)
		1,017,016	547,259
Other income	31	168,878	449,217
Share of profit from associates	9	482,563	477,170
Profit before taxation		1,668,457	1,473,646
Taxation	32	(482,355)	(288,350)
Profit for the year		1,186,102	1,185,296
Total profit attributable to:			
- Owners of the Holding Company		1,186,102	1,185,296
- Non-controlling interests		-	-
		1,186,102	1,185,296
Earnings per share - basic and diluted (Rupees)	33	42.32	42.29

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

MUHAMMAD YUNUS TABBA	MUHAMMAD SOHAIL TABBA	MUHAMMAD IMRAN MOTEN
Chairman / Director	Chief Executive Officer	Chief Financial Officer

consolidated statement of comprehensive income

For the Year Ended June 30, 2019

	Note	2019	2018
		---------------- (Rupees in '000)	----------------
Profit for the year		1,186,102	1,185,296
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss			
Share of other comprehensive income/(loss) from associates - net of tax	9	277	(15,074)
Items that will not be reclassified subsequently to profit or loss			
- Remeasurement of defined benefit obligation	20.5	73,048	7,297
- Income tax relating to defined benefit obligation		(14,450)	(1,384)
		58,598	5,913
Other comprehensive income / (loss)		58,875	(9,161)
Total comprehensive income for the year		1,244,977	1,176,135

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

MUHAMMAD YUNUS TABBA	MUHAMMAD SOHAIL TABBA	MUHAMMAD IMRAN MOTEN
Chairman / Director	Chief Executive Officer	Chief Financial Officer

consolidated statement of cash flows

For the Year Ended June 30, 2019

	Note	2019	2018
		(Rupees in '000)	
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from / (used in) operations	34	2,057,405	(171,282)
Finance cost paid		(909,583)	(532,519)
Income tax paid		(293,314)	(197,645)
Retirement benefits paid		(111,083)	(85,948)
Rebate received		242,639	96,452
		(1,071,341)	(719,660)
Net cash generated from / (used in) operating activities		986,064	(890,942)
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(2,839,346)	(1,119,172)
Sale proceeds from disposal of property, plant and equipment		64,988	36,297
Proceeds on disposal of shares of ICIP - an associate		7,998	-
Loans paid to employees		(8,743)	(16,117)
Long term deposits given		-	(15)
Profit received from bank deposits		1,374	1,554
Dividend received		270,017	245,213
Net cash used in investing activities		(2,503,712)	(852,240)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Long term finance obtained		2,080,753	594,338
Repayment of long term musharakah financing of GHPL		(9,844)	-
Dividend paid		(244,803)	(323,279)
Net cash generated from financing activities		1,826,106	271,059
Net increase / (decrease) in cash and cash equivalents (A+B+C)		308,458	(1,472,123)
Cash and cash equivalents at the beginning of the year		(9,520,886)	(8,048,763)
Cash and cash equivalents at the end of the year		(9,212,428)	(9,520,886)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	17	112,519	188,863
Short term borrowings	23	(9,324,947)	(9,709,749)
		(9,212,428)	(9,520,886)

CHANGES ARISING FROM FINANCING ACTIVITIES

	2018	Financing cash inflows	Financing cash outflows	Non-cash changes	2019
	Rupees in '000				
Long term musharaka finance	-	-	(9,844)	9,844	-
Long term finance	594,338	2,080,753	-	-	2,675,091
Unclaimed dividend	21,423	-	(244,803)	245,259	21,879

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

consolidated statement of changes in equity

For the Year Ended June 30, 2019

	Issued, subscribed and paid-up share capital	Capital Reserves: Share premium	Capital Reserves: Amalgamation reserve	Capital Reserves: Sub total	Revenue Reserves: General reserve	Revenue Reserves: Amalgamation reserve	Revenue Reserves: Unappropriated profit	Revenue Reserves: Sub total	Grand total
	(Rupees in '000)								
Balance as at July 1, 2017	280,296	103,125	34,416	137,541	1,000,000	727,333	5,221,553	6,948,886	7,366,723
Transaction with owners									
Final dividend @ Rs. 5/- per share for the year ended June 30, 2017	-	-	-	-	-	-	(140,148)	(140,148)	(140,148)
Additional / Interim dividend @ Rs. 6.75/- per share	-	-	-	-	-	-	(189,200)	(189,200)	(189,200)
	-	-	-	-	-	-	(329,348)	(329,348)	(329,348)
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	1,185,296	1,185,296	1,185,296
Other comprehensive loss	-	-	-	-	-	-	(9,161)	(9,161)	(9,161)
Total comprehensive income for the year	-	-	-	-	-	-	1,176,135	1,176,135	1,176,135
Balance as at June 30, 2018	280,296	103,125	34,416	137,541	1,000,000	727,333	6,068,340	7,795,673	8,213,510
Transaction with owners									
Final dividend @ Rs. 8.75/- per share for the year ended June 30, 2018	-	-	-	-	-	-	(245,259)	(245,259)	(245,259)
	-	-	-	-	-	-	(245,259)	(245,259)	(245,259)
Effect of restructuring on investments (Note 9.1.1)	-	-	-	-	-	-	(3,795)	(3,795)	(3,795)
Total comprehensive income for the year									
Profit for the year	-	-	-	-	-	-	1,186,102	1,186,102	1,186,102
Other comprehensive income	-	-	-	-	-	-	58,875	58,875	58,875
Total comprehensive income for the year	-	-	-	-	-	-	1,244,977	1,244,977	1,244,977
Balance as at June 30, 2019	280,296	103,125	34,416	137,541	1,000,000	727,333	7,064,263	8,791,596	9,209,433

The annexed notes from 1 to 45 form an integral part of these consolidated financial statements.

MUHAMMAD YUNUS TABBA
Chairman / Director

MUHAMMAD SOHAIL TABBA
Chief Executive Officer

MUHAMMAD IMRAN MOTEN
Chief Financial Officer

notes to the consolidated financial statements

For the Year Ended June 30, 2019

1. THE GROUP AND ITS OPERATIONS

The Group consists of Gadoon Textile Mills Limited (The Holding Company) and its subsidiary company Gadoon Holdings (Private) Limited (GHPL). Brief profiles of the Holding Company and its subsidiary company is as follows:

1.1 Gadoon Textile Mills Limited

The Holding Company was incorporated in Pakistan on February 23, 1988 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange. The principal activity of the Company is manufacturing and sale of yarn and knitted fabrics.

Y.B. Holdings (Private) Limited is the ultimate holding company of the group.

Following are the geographical location and address of all business units of the Company:

Head Office:
7-A, Muhammad Ali Society, Abdul Aziz Haji Hashim Tabba Street, Karachi, Province of Sindh, South, Pakistan.

Manufacturing facility:
a) 200-201, Gadoon Amazai Industrial Estate, District Swabi, Province of Khyber Pakhtunkhwa, North, Pakistan.
b) 57 Km on Super Highway (near Karachi), Province of Sindh, South, Pakistan.

Liaison Office:
Syed's Tower, Third Floor, Opposite Custom House, Jamrud Road, Peshawar, Province of Khyber Pakhtunkhwa, North, Pakistan.

1.2 Gadoon Holdings (Private) Limited

GHPL is a private limited company incorporated in Pakistan on July 16, 2018. GHPL is a wholly owned subsidiary of the Holding Company. The subsidiary acts as an investing company to hold investments. The principal place of business of GHPL is in Pakistan.

2. SCHEME OF ARRANGEMENT

During the current year, a Scheme of Arrangement (Scheme) was filed by the management of Lucky Holdings Limited (LHL) - an associate, before the Honourable Sindh High Court (SHC), after the required approvals from the Board of Director and shareholders of LHL.

The SHC vide its order dated April 11, 2019 sanctioned the Scheme effective from start of business on July 01, 2018. A certified copy of the Court order has been filed by LHL with SECP.

The Scheme, amongst other arrangements, determines LHL Demerged Undertakings as primarily comprising the assets, liabilities and obligations of LHL relating to its underlying investment in ICI Pakistan Limited - an associate. Under the Scheme, the share of LHL Shareholders in LHL Demerged Undertakings proportionate to their respective shareholding in LHL has been amalgamated with and into their respective wholly owned subsidiary companies and their proportionate shares in LHL to that extent have been cancelled. Consequently, out of Company's total investments in LHL, an amount of Rs. 164.12 million have been transferred to GHPL.

2.1 Summarized effect of restructuring:

Cancellation of shares of LHL (refer note 9.3) Rs. 184.39 million; reduction in deferred tax liability pertaining to LHL Rs. 16.48 million; and amount transferred as investment in GHPL Rs. 164.12 million. This has resulted in loss of Rs. 3.79 million as recognized in revenue reserves of the Group.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except:

- obligations under the defined benefit plan are stated at present value;
- biological assets i.e. livestock are stated at fair value less estimated point-of-sale cost; and
- investment in associates are accounted for using equity method.

3.3 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These consolidated financial statements are presented in Pakistani Rupees, which is the Group's functional and presentation currency.

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

a) determining the residual values and useful lives of the property, plant and equipment (note 4.1);
b) valuation of biological assets (note 4.2);
c) provisions - for slow moving stores, spares and loose tools (note 4.3);
d) valuation of stock-in-trade - at lower of cost and NRV (note 4.4);
e) provisions - for loss allowance (note 4.6);
f) impairment of financial and non financial assets (notes 4.10.2);
g) provisions - for doubtful advances (note 4.10.2); and
h) provision for taxation including deferred tax (note 4.12);
i) accounting for retirement benefits obligation (note 4.13); and
j) provisions against liability (note 4.17).

3.5 Changes in accounting standards and interpretations

3.5.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2019

The following standards, amendments and interpretations are effective for the year ended June 30, 2019. These standards, interpretations and the amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
IFRS 4 'Insurance Contracts' - Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 9 'Financial Instruments' - This standard will supersede IAS 39 Financial Instruments: Recognition and Measurement,upon its effective date.	July 01, 2018
IFRS 15 'Revenue' - This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property' - Clarification on transfers of property to or from investment property.	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration' - Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

Certain annual improvements have also been made to a number of IFRSs.

3.5.2 New accounting standards and amendments that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's consolidated financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after:
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments' - Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

Certain annual improvements have also been made to a number of IFRSs.

Other than the aforesaid standards, interpretations and amendments, the (IASB) has also issued the following standards which have not been adopted locally by the (SECP):

- IFRS 1 'First Time Adoption of International Financial Reporting Standards'
- IFRS 14 'Regulatory Deferral Accounts'
- IFRS 17 'Insurance Contracts'

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are the same as those applied in the preparation of the financial statements of the Holding Company for the year ended June 30, 2018 except for the change in the policy for revenue recognition and financial assets' recognition and measurement due to adoption of IFRS-15 and IFRS-9 respectively. The implications of these standards have insignificant impact on these consolidated financial statements of the Group. In addition to this, there are certain other changes in policies which are as disclosed below:

Basis for consolidation

i) Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies generally a shareholding of more than 50% of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Further, the Group also considers whether:

- it has power to direct the relevant activities of the subsidiaries;
- is exposed to variable returns from the subsidiaries; and
- decision making power allows the Group to affect its variable returns from the subsidiaries.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are derecognized from the date the control ceases.

The financial statements of the subsidiaries are consolidated on a line by line basis. Inter-Group transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses (unrealized) are also eliminated. Accounting policies of subsidiary is consistent with the policies adopted by the Group.

ii) Where the ownership of a subsidiary is less than hundred percent and therefore, a non controlling interest (NCI) exists, the NCI is allocated its share of the total comprehensive income of the period, even if that results in a deficit balance.

The Group treats transactions with NCI that do not result in loss of control as transactions with equity owners of the Group. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to NCI are also recorded in equity.

4.1 **Property, plant and equipment**

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and impairment losses, if any. Freehold land and capital work-in-progress are stated at cost less impairment losses, if any.

All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to specific assets as and when these assets are available for intended use.

Depreciation is charged, from the month when the asset is available for use and ceased from the month of disposal, to consolidated statement of profit or loss applying the reducing balance method except for leasehold land, which is depreciated using the straight-line method. The residual values, useful lives and depreciation methods are reviewed and changes, if any, are treated as change in accounting estimates, at each reporting date. Rates for depreciation are stated in note 5.1 to the consolidated financial statements.

Maintenance and repairs are charged to the consolidated statement of profit or loss as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are taken to the consolidated statement of profit or loss as and when incurred.

4.2 Biological assets

Livestock are measured at their fair value less estimated point-of-sale costs. Fair value of livestock is determined by an independent valuer on the basis of best available estimates for livestock of similar attributes.

Gains or losses arising from changes in fair value less estimated point-of-sale costs of livestock are recognized in the consolidated statement of profit or loss.

4.3 Stores, spares and loose tools

These are stated at lower of cost and net realizable value. Cost is determined using moving average method. Items in transit are stated at invoice value plus other charges incurred thereon until the reporting date.

For items that are slow moving adequate provision is made, if necessary, for any excess carrying value over estimated realizable value and charged to the consolidated statement of profit or loss.

4.4 Stock-in-trade

Basis of valuation is as under:

- Raw material in hand (imported)	Lower of cost (weighted average / specific identification basis) and net realizable value (NRV)
- Raw material in hand (local)	Lower of cost (weighted average) and NRV
- Raw material in-transit	Cost accumulated to end of reporting period
- Work-in-process	Lower of cost (weighted average) and NRV
- Finished goods	Lower of cost (weighted average) and NRV
- Waste	NRV

Cost in relation to work-in-process and finished goods represents annual average manufacturing cost which consists of prime cost and appropriate manufacturing overheads.

NRV signifies the estimated selling price in the ordinary course of business less estimated cost of completion and estimated cost necessary to be incurred to effect such sale.

4.5 Consumables

Consumables are stated at lower of cost and net realizable value. Cost is determined using moving average method. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated cost necessary to be incurred to effect such sale.

Milk is initially measured at its fair value less estimated point-of-sale costs at the time of milking. The fair value of milk is determined based on market prices in the local area.

4.6 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Group always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Trade debts and other receivables considered irrecoverable are written off.

4.7 Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognized in the consolidated statement of financial position at estimated fair value with corresponding effect to the consolidated statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.

4.8 Cash and cash equivalents

Cash and cash equivalents for cash flow purposes include cash in hand, current and deposit accounts held with banks. Short term borrowings (except export re-finance) availed by the Group which are payable on demand and form an integral part of the Group's cash management are included as part of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

4.9 Investments

Investment in associates

Associates are entities over which the Group exercises significant influence. Investment in associates is accounted for using equity basis of accounting, under which the investment in associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the Group's share of profit or loss of the associate after the date of acquisition. The Group's share of profit or loss of the associate is recognized in the consolidated's statement of profit or loss. Distributions received from associate reduce the carrying amount of the investment. Adjustments to the carrying amount are also made for changes in the Group's proportionate interest in the associate arising from changes in the associates' other comprehensive income that have not been recognized in the associate's profit or loss. The Group's share of those changes is recognized in the consolidated statement of other comprehensive income of the Group.

The carrying amount of the investment is tested for impairment, by comparing its recoverable amount (higher of value in use and the fair value less costs to sell) with its carrying amount and loss, if any, is recognized in the consolidated statement of profit or loss.

Derecognition

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in consolidated statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at fair value through other comprehensive income (FVTOCI), the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to consolidated statement of profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to consolidated retained earnings.

4.10 Financial instruments

Financial assets and liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the consolidated statement of profit or loss.

4.10.1 Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Financial assets at amortized cost

Instruments that meet the following conditions are measured subsequently at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI are measured at fair value through profit or loss (FVTPL). Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortized cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognizing the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognized in the consolidated statement of profit or loss.

4.10.2 Impairment of financial assets

The Group recognizes a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Group always recognizes lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial assets, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

(ii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default (PD) of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Non-financial assets

The Group assesses at each reporting date whether there is any indication that assets except inventories, biological assets and deferred tax asset may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in the consolidated statement of profit or loss. The recoverable amount is the higher of an asset's 'fair value less costs to sell' and 'value in use'.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

4.10.3 Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognized in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognized in the consolidated statement of profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognized in the consolidated statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other the consolidated statement of comprehensive income would create or enlarge an accounting mismatch in the consolidated statement of profit or loss. The remaining amount of change in the fair value of liability is recognized in the consolidated statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in the consolidated statement of other comprehensive income are not subsequently reclassified to the consolidated statement of profit or loss; instead, they are transferred to consolidated retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognized in the consolidated statement of profit or loss.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the consolidated statement of profit or loss.

4.10.4 Offsetting of financial assets and financial liabilities

. Financial assets and financial liabilities are offset and the net amount is reported in the consolidated financial statements only when there is legally enforceable right to set-off the recognized amounts and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

4.11 Borrowings and their costs

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently at amortized cost. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

4.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the consolidated financial statement of profit or loss.

Current

Provision for current taxation is based on taxability of certain income streams of the Group under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credits and tax rebates available, if any. The charge for income tax includes adjustments to charge for prior year.

Deferred

Deferred tax is recognized using the liability method, providing for temporary difference between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantively enacted at the reporting date.

In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

The Group recognizes deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the assets can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.13 Staff retirement benefits

Defined benefit plan

The Group operates an unfunded gratuity scheme for its confirmed employees who have completed the minimum qualifying period of service as defined under the scheme. The Group's obligation under the scheme is determined through actuarial valuation carried out at each year end under the Projected Unit Credit Method. The most recent valuation of the scheme was carried out as at June 30, 2019.

Remeasurement changes which comprise actuarial gains and losses are recognized immediately in the the consolidated of other comprehensive income.

4.14 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost using the effective interest method.

4.15 Foreign currency transactions and translation

Transactions in foreign currencies are translated into Pak Rupees at the rates of exchange approximating those prevailing on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into Pak Rupees at the rates prevailing on the reporting date.

Gains and losses arising on retranslation are included in the the consolidated statement of profit or loss for the period.

4.16 Revenue recognition

Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods.

Interest income is recognized on a time proportionate basis using the effective rate of return.

4.17 Provisions

Provisions are recognized when the Group has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.18 Dividend and appropriation to / from reserves

Dividend distribution to the Group's shareholders and appropriation to / from reserves is recognized in the period in which these are approved.

4.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The BOD has identified different chief operating decision makers responsible for strategic decisions of all the reportable segments.

4.20 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

	Note	2019	2018
		----------------- (Rupees in '000) ----------------	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	9,610,032	7,344,400
Capital work-in-progress	5.2	260,327	447,528
		9,870,356	7,791,928

5.1 **Operating fixed assets**

Particulars	Cost as at July 01, 2018	Additions/ (Disposals)	Cost as at June 30, 2019	Accumulated depreciation as at July 01, 2018	Depreciation for the year/ (Disposals)	Accumulated depreciation as at June 30, 2019	Carrying value as at June 30, 2019	Rate of depreciation
	2019							
	(Rupees in '000)							%
Land:								
Leasehold	59,180	23,968	83,148	9,712	599	10,311	72,837	1
Freehold	880	-	880	-	-	-	880	-
Buildings on leasehold land:								
Mills	2,034,399	125,083	2,159,482	1,019,549	104,143	1,123,692	1,035,790	10
Roads	47,456	-	47,456	20,668	2,679	23,347	24,109	10
Power plant	178,146	-	178,146	99,077	7,907	106,984	71,162	10
Office	60,513	-	60,513	23,383	3,713	27,096	33,417	10
Workers' colony	202,539	-	202,539	76,337	12,620	88,957	113,582	10
Other	432,500	160,647	593,147	155,066	14,702	169,768	423,379	5
Buildings on freehold land:								
Family colony	179,396	-	179,396	97,275	8,212	105,487	73,909	10
Workers' colony	123,727	-	123,727	96,337	2,739	99,076	24,651	10
Plant and machinery	10,672,861	2,166,657	12,474,195	5,947,979	514,901	6,141,994	6,332,201	10
		(365,323)			(320,886)			
Power plant	1,247,234	536,458	1,783,692	731,910	58,355	790,265	993,427	10
Electric installations	456,331	958	457,289	270,530	18,636	289,166	168,123	10
Tools and equipment	13,774	19,636	33,410	10,937	284	11,221	22,189	10
Furniture and fittings	24,895	4,898	29,793	13,444	1,309	14,753	15,040	10
Computer equipment	24,675	6,148	30,749	18,694	3,160	21,798	8,951	30
		(74)			(56)			
Office equipment and installations	23,470	1,762	25,217	12,943	1,136	14,074	11,143	10
		(15)			(5)			
Fork lifters and tractors	38,094	-	38,094	30,973	1,424	32,397	5,697	20
Vehicles	248,197	72,976	273,447	94,176	37,796	98,513	174,934	20
		(47,726)			(33,459)			
Fire fighting equipment	11,847	-	11,847	6,724	512	7,236	4,611	10
June 30, 2019	16,080,114	3,119,191	18,786,167	8,735,714	794,827	9,176,135	9,610,032	
		(413,138)			(354,406)			

Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 3.01 billion.

5.1 **Operating fixed assets**

Particulars	Cost as at July 01, 2017	Additions/ (Disposals)	Cost as at June 30, 2018	Accumulated depreciation as at July 01, 2017	Depreciation for the year/ (Disposals)	Accumulated depreciation as at June 30, 2018	Carrying value as at June 30, 2018	Rate of depreciation
	2018							
	(Rupees in '000)							%
Land:								
Leasehold	59,180	-	59,180	9,065	647	9,712	49,468	1
Freehold	880	-	880	-	-	-	880	-
Buildings on leasehold land:								
Mills	2,033,114	1,285	2,034,399	906,802	112,747	1,019,549	1,014,850	10
Roads	43,488	3,968	47,456	17,765	2,903	20,668	26,788	10
Power plant	178,146	-	178,146	90,292	8,785	99,077	79,069	10
Office	60,513	-	60,513	19,257	4,126	23,383	37,130	10
Workers' colony	202,539	-	202,539	62,315	14,022	76,337	126,202	10
Other	414,001	18,499	432,500	141,055	14,011	155,066	277,434	5
Buildings on freehold land:								
Family colony	179,396	-	179,396	88,150	9,125	97,275	82,121	10
Workers' colony	123,727	-	123,727	93,294	3,043	96,337	27,390	10
Plant and machinery	9,857,740	957,830	10,672,861	5,594,075	476,474	5,947,979	4,724,882	10
		(142,709)			(122,570)			
Power plant	1,111,140	151,094	1,247,234	699,969	42,249	731,910	515,324	10
		(15,000)			(10,308)			
Electric installations	451,371	4,960	456,331	250,094	20,436	270,530	185,801	10
Tools and equipment	13,774	-	13,774	10,622	315	10,937	2,837	10
Furniture and fittings	24,895	-	24,895	12,172	1,272	13,444	11,451	10
Computer equipment	21,444	3,614	24,675	17,260	1,701	18,694	5,981	30
		(383)			(267)			
Office equipment and installations	22,694	924	23,470	11,933	1,133	12,943	10,527	10
		(148)			(123)			
Fork lifters and tractors	38,094	-	38,094	29,193	1,780	30,973	7,121	20
Vehicles	154,649	122,021	248,197	88,021	20,946	94,176	154,021	20
		(28,473)			(14,791)			
Fire fighting equipment	11,847	-	11,847	6,155	569	6,724	5,123	10
June 30, 2018	15,002,632	1,264,195	16,080,114	8,147,489	736,284	8,735,714	7,344,400	
		(186,713)			(148,059)			

Additions to operating fixed assets include transfers from capital work-in-progress amounting to Rs. 1.26 billion.

	Note	2019	2018
		(Rupees in '000)	

5.1.1 Depreciation charged for the year has been allocated as under:

	Note	2019	2018
Cost of sales	26.1	765,781	715,545
Administrative expenses	28	29,046	20,739
		794,827	736,284

5.1.2 Disposal of operating fixed assets having net book value in excess of Rs. 500,000

Description	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain/(loss)	Mode of disposal	Purchaser
	(Rupees in '000)						
Plant and machinery	3,710	2,160	1,550	650	(900)	Negotiation	M/S AMS Enterprises
	3,301	1,286	2,015	368	(1,648)	Negotiation	M/S AMS Enterprises
	5,128	2,343	2,785	368	(2,417)	Negotiation	M/S AMS Enterprises
	5,128	2,343	2,785	368	(2,417)	Negotiation	M/S AMS Enterprises
	8,457	7,530	927	150	(777)	Negotiation	M/S AMS Enterprises
	8,457	7,530	927	150	(777)	Negotiation	M/S AMS Enterprises
	8,457	7,530	927	150	(777)	Negotiation	M/S AMS Enterprises
	7,098	6,530	568	150	(417)	Negotiation	M/S AMS Enterprises
	8,331	7,509	822	150	(672)	Negotiation	M/S AMS Enterprises
	6,406	5,894	512	150	(362)	Negotiation	M/S AMS Enterprises
	8,495	7,217	1,278	150	(1,128)	Negotiation	M/S AMS Enterprises
	8,743	7,440	1,303	150	(1,154)	Negotiation	M/S AMS Enterprises
	8,743	7,440	1,303	150	(1,154)	Negotiation	M/S AMS Enterprises
	8,743	7,440	1,303	150	(1,154)	Negotiation	M/S AMS Enterprises
	11,594	9,673	1,921	150	(1,771)	Negotiation	M/S AMS Enterprises
	1,648	1,065	583	40	(543)	Negotiation	M/S AMS Enterprises
	8,457	7,570	887	750	(138)	Negotiation	A.J Textile Mills Limited
	8,496	7,505	991	583	(407)	Negotiation	M/S AMS Enterprises
	8,457	7,570	887	583	(304)	Negotiation	M/S AMS Enterprises
	8,923	7,638	1,285	150	(1,135)	Negotiation	M/S AMS Enterprises
	8,923	7,638	1,285	150	(1,135)	Negotiation	M/S AMS Enterprises
	8,962	7,671	1,291	150	(1,140)	Negotiation	M/S AMS Enterprises
	8,457	7,578	879	583	(296)	Negotiation	M/S AMS Enterprises
	8,350	7,038	1,312	583	(729)	Negotiation	M/S AMS Enterprises
	181,464	151,138	30,326	6,976	(23,352)		
Vehicles	1,186	486	700	1,075	375	Group policy	Mr. Sadat Khan - Employee
	6,700	6,142	558	2,900	2,342	Negotiation	M/S Dhanji Trading Company
	2,148	1,463	685	1,503	818	Group policy	Mr. Asad Ansari - Employee
	5,257	1,005	4,252	4,500	248	Negotiation	Mr. Syed Shahid Khursheed Ali
	1,746	679	1,067	1,067	-	Negotiation	Yunus Energy Limited - Associate
	1,557	1,041	516	1,090	574	Group policy	Mr. Muhammad Imran - Employee
	1,405	269	1,136	1,408	272	Group policy	Mr. Naeem Qaiser - Employee
	19,999	11,085	8,914	13,543	4,629		
Total	201,463	162,223	39,240	20,519	(18,723)		

5.1.3 Leasehold and freehold land are situated at the manufacturing facilities having combined area of 137.8 acres.

5.2 Capital work-in-progress

	Gadoon Amazai					Karachi Project					
	Civil works	Plant and machinery	Vehicles	Markup capitalized	Sub-total	Civil works	Plant and machinery	Vehicles	Markup capitalized	Sub-total	Total
	(Rupees in '000)										
Year ended June 30, 2019											
Balance as at July 1, 2018	-	241,015	5,365	42,217	288,597	100,284	51,809	5,223	1,615	158,931	447,528
Additions during the year	69,366	1,189,221	48,376	16,841	1,323,804	262,856	1,189,245	14,011	36,980	1,503,092	2,826,896
Transfers to operating fixed assets	(48,168)	(1,389,481)	(53,741)	(58,382)	(1,549,772)	(172,824)	(1,241,054)	(19,234)	(31,213)	(1,464,325)	(3,014,097)
Balance as at June 30, 2019	21,198	40,755	-	676	62,629	190,316	-	-	7,382	197,698	260,327
Year ended June 30, 2018											
Balance as at July 1, 2017	-	239,897	7,924	41,739	289,560	12,711	288,366	686	1,228	302,991	592,551
Additions during the year	5,253	713,657	109,870	10,302	839,082	106,072	150,045	14,129	5,306	275,552	1,114,634
Transfers to operating fixed assets	(5,253)	(712,539)	(112,429)	(9,824)	(840,045)	(18,499)	(386,602)	(9,592)	(4,919)	(419,612)	(1,259,657)
Balance as at June 30, 2018	-	241,015	5,365	42,217	288,597	100,284	51,809	5,223	1,615	158,931	447,528

6. BIOLOGICAL ASSETS

As at June 30, 2019, the Group held 265 mature livestock (including pregnant livestock) able to produce milk and 351 immature livestock which are being raised to produce milk in the future. The Group also held 12 breeding bulls.

The valuation of dairy livestock as at June 30, 2019 has been carried out by an independent valuer. In this regard, the valuer examined the physical condition of the livestock, assessed the farm conditions and relied on the representations made by the Group as at June 30, 2019. Further, in the absence of an active market of the Group's dairy livestock in Pakistan, market and replacement values of similar livestock from active markets in USA, EU and Australia, have been used by the independent valuer as a basis of his valuation. The valuation is considered to be level 2 in the fair value hierarchy due to observable market data other than quoted prices in active markets.

Gain arising from changes in fair value of livestock amount to Rs. 77.95 million.

	Note	2019	2018
		(Rupees in '000)	

7. LONG TERM ADVANCE

- Considered doubtful

	Note	2019	2018
Investment in a joint venture - Advance	7.1	66,667	66,667
Less: Provision against advance		(66,667)	(66,667)
		-	-

7.1 This represents first and second tranche of advance for a Joint Venture Project of Rs. 4,250 million. The principal activity of the Joint Venture Project was acquisition and development of a real estate project in Karachi through a Joint Venture Company. The Group's share in this Joint Venture project is ten percent. Currently, the future of this project is not certain and the recovery of this amount is considered doubtful.

8. LONG TERM LOANS

	Note	2019	2018
		(Rupees in '000)	
- Considered good			
Loan to employees	8.1		
Related parties - Key management personnel		31,781	21,757
Other employees		31,734	33,017
		63,515	54,774
Less: current portion	14	(19,838)	(19,443)
		43,677	35,331

8.1 These are interest free loans recoverable in monthly installments over a period of three years. These loans are secured against employees' retirement benefit obligation.

8.2 The maximum amount of loans to the key management personnel outstanding at the end of any month during the year ended June 30, 2019 was Rs. 48.08 million (2018: Rs. 41.49 million).

9. LONG TERM INVESTMENTS

	Note	2019	2018
		(Rupees in '000)	
Investments in associates - equity method	9.1	2,890,606	2,686,920

9.1 Investment in associates - equity method

	Note	2019	2018
ICI Pakistan Limited (ICIP)	9.2	1,946,416	1,661,022
Lucky Holdings Limited (LHL)	9.3	4,284	185,341
Yunus Energy Limited (YEL)	9.4	939,906	840,557
		2,890,606	2,686,920

9.1.1 Investment in Lucky Holdings have been calculated after incorporating the effect of transaction as appearing in note 2 to these consolidated financial statements.

9.1.2 The Group's investment in ICIP, LHL and YEL is less than 20% but these are considered associates as the Group has significant influence over the financial and operating policies through representation on the board of directors of these companies.

9.1.3 The principal place of business of all the associates is located in Pakistan.

9.2 Investment in ICI Pakistan Limited (ICIP) - at equity method

	2019	2018
	(Rupees in '000)	
Number of shares held	6,654,867	5,980,917
Cost of investment (Rupees in '000)	1,341,311	1,114,963
Fair value of investment (Rupees in '000)	3,543,517	4,793,705
Ownership interest	7.21%	6.48%
Balance as at July 01	1,661,022	1,571,147
Shares granted due to restructuring	178,078	-
Share of profit	195,190	213,688
Share of other comprehensive income / (loss)	1,713	(16,157)
Disposal of shares	(2,980)	-
Dividend received	(86,607)	(107,656)
Balance as at June 30	1,946,416	1,661,022

The financial year end of ICIP is June 30, 2019. Summarized financial highlights of ICIP and the related share of the Group as at year end are as follows:

	Note	2019	2018
		(Rupees in '000)	
Total assets		49,441,421	45,012,532
Total liabilities		(28,048,855)	(24,979,698)
Net assets		21,392,566	20,032,834
Group's share of net assets		1,542,404	1,298,128
Revenue		59,382,411	49,992,068
Profit for the year		2,536,630	3,297,654
Group's share of profit		182,891	213,688
Other comprehensive income / (loss) for the year		23,770	(249,330)
Group's share of other comprehensive income / (loss)		1,713	(16,157)

9.3 Investment in Lucky Holdings Limited (LHL) - at equity method

	Note	2019	2018
Number of shares held		8,580	1,500,000
Cost of investment (Rupees in '000)		429	74,920
Ownership interest		1%	1%
Balance as at July 01		185,341	164,843
Cancellation of shares due to restructuring	9.1.1	(184,396)	-
Share of profit		3,339	22,301
Share of other comprehensive loss		-	(1,803)
Balance as at June 30		4,284	185,341

The financial year end of LHL is June 30, 2019. LHL results for the year are not comparable with last year due to restructuring as disclosed in note 2 of these consolidated financial statements. Summarized financial highlights of LHL as at year end and the related share of the Group are as follows:

	2019	2018
	(Rupees in '000)	
Total assets	775,242	50,773,791
Total liabilities	(375,827)	(27,269,327)
Net assets	399,415	23,504,464
Group's share of net assets	3,994	235,045
Revenue	423,750	49,992,068
Profit for the year	333,941	3,032,209
Group's share of profit	3,339	22,301
Other comprehensive loss for the year	-	(243,169)
Group's share of other comprehensive loss	-	(1,803)

9.4 Investment in Yunus Energy Limited (YEL) - at equity method

	2019	2018
Number of shares held	61,136,500	61,136,500
Cost of investment (Rupees in '000)	611,365	611,365
Ownership interest	19.98%	19.98%
Balance as at July 01	840,557	736,725
Share of profit	284,034	241,181
Share of other comprehensive (loss) / income	(1,275)	208
Dividend received	(183,410)	(137,557)
Balance as at June 30	939,906	840,557

The financial year end of YEL is June 30, 2019. Summarized financial highlights of YEL as at year end and the related share of the Group are as follows:

	2019	2018
	(Rupees in '000)	
Total assets	12,467,075	12,392,073
Total liabilities	(7,851,249	(8,272,755)
Net assets	4,615,826)	4,119,318
Group's share of net assets	922,242	823,040
Revenue	2,939,540	2,601,285
Profit for the year	1,420,174	1,205,903
Group's share of profit	284,034	241,181
Other comprehensive (loss) / income for the year	(6,379)	1,039
Group's share of other comprehensive (loss) / income	(1,275)	208

10. STORES, SPARES AND LOOSE TOOLS

	2019	2018
Stores	246,236	261,155
Spares in		
- hand	350,002	291,393
- transit	61,366	47,810
Loose tools	1,035	1,062
	658,639	601,420
Less: Provision for slow moving stores, spares and loose tools	(52,101)	(52,101)
	606,538	549,319

11. STOCK-IN-TRADE

	2019	2018
Raw material in		
- hand	6,080,886	5,838,903
- transit	632,267	477,945
	6,713,153	6,316,848
Work-in-process	345,359	286,033
Finished goods		
- Yarn	1,261,788	707,074
- Knitted fabric	41,104	44,712
- Waste	36,522	114,894
	1,339,414	866,680
	8,397,926	7,469,561

12. CONSUMABLES

	Note	2019	2018
		(Rupees in '000)	
Feed		9,186	-
Unprocessed milk		249	-
		9,435	-

13. TRADE DEBTS

	Note	2019	2018
		(Rupees in '000)	
Considered good			
Foreign - Secured		1,103,762	861,002
Local - Unsecured	13.1	2,413,985	1,603,179
		3,517,747	2,464,181
Considered doubtful			
Local - Unsecured		4,093	4,093
Provision for loss allowance	39.2.1	(4,093)	(4,093)
		-	-
		3,517,747	2,464,181

13.1 Trade balances outstanding from associated companies are as:

	2019	2018
Lucky Textile Mills Limited	17,103	4,634
Lucky Knits (Private) Limited	1,798	1,745
	18,901	6,379

13.2 The maximum amount due from related parties, at the end of any month during the year were Rs. 78.49 million (June 30, 2018: Rs. 181.80 million). The transactions with associated companies are carried on agreed terms.

13.3 Following are the details of debtors in relation to export sales:

Jurisdiction	Category	2019	2018
		(Rupees in '000)	
Asia	Letter of credit	456,919	658,407
	Contract	183,073	-
Europe	Letter of credit	27,008	-
	Contract	10,510	46,618
Central America	Letter of credit	-	154,242
	Contract	103,743	-
North America	Contract	322,509	1,735
Total	Letter of credit	587,670	812,649
	Contract	516,092	48,353

14. LOANS AND ADVANCES

- Unsecured - considered good

	Note	2019	2018
		(Rupees in '000)	
Current portion of long term loans	8	19,838	19,443
Advances to employees		13,203	8,457
Advance to suppliers and contractors	14.1	89,868	251,764
Letters of credit, fee and expenses		921	407
Subordinated loan	14.2.1	22,521	-
Advance against shares	14.2.2	39,566	6,925
LC Margin		14,074	-
		199,991	286,996

14.1 As at June 30, 2018 the balance included advance given for pilot project of dairy farm. Since the dairy project has started its commercial operations on and from June 30, 2019 (refer note 6 to the consolidated financial statments), it has now been reclassified in respective financial statement line items.

14.2 This represents subordinated loan and advance against shares in following companies. The shares will be issued in due course in accordance with the regulatory requirements.

	Note	2019	2018
		(Rupees in '000)	
14.2.1 Subordinated loan			
Tricom Solar Power (Private) Limited	14.3	6,599	-
Tricom Wind Power (Private) Limited	14.3	10,773	-
Yunus Wind Power Limited	14.3	5,149	-
		22,521	-
14.2.2 Advance against shares			
Tricom Solar Power (Private) Limited		-	4,534
Tricom Wind Power (Private) Limited	14.3	39,566	1,797
Yunus Wind Power Limited		-	594
		39,566	6,925

14.3 As part of strategic investments, the Group had given subordinated loan and advance against shares to Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited and Yunus Wind Power Limited. However, during the current year, the Group has obtained extension from the shareholders regarding their previous approval (dated: April 13, 2018), in respect of investment in the above mentioned companies, as the time frame of 12 months from the passing of special resolution as required under Regulation 6 of the "Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 was expiring and the Group was unable to invest the entire approved amounts in any of these three companies, on account of remaining legal formalities.

However, the Group is actively pursuing this matter to ensure that investment is made within the approved time.

	Note	2019	2018
		(Rupees in '000)	

15. OTHER RECEIVABLES

	Note	2019	2018
Considered good			
Sales tax		430,644	433,623
Federal excise duty		26,201	27,762
Claims receivable		4,330	33,865
Rebate receivable on export sales		256,865	460,723
Others		1,841	2,104
		719,881	958,077
Considered doubtful			
Claims receivable	24.1.2	20,000	20,000
Sales tax	15.1	52,439	52,439
Others	15.2	5,600	5,600
		78,039	78,039
Provision for doubtful other receivables		(78,039)	(78,039)
		-	-
		719,881	958,077

15.1 Pursuant to SRO 179 of 2013 dated March 7, 2013, the Group filed a special sales tax return and paid Rs. 52.40 million being 2% of the value of zero rated supplies made by the Group during the period from April 2011 to February 2013. The said amount has been paid by the Group under protest and it has filed an appeal before the tax authority for refund of such amount. However, being prudent, the Group has fully provided the amount in these consolidated financial statements.

15.2 The Group received a demand cum show cause notice for the amount of Rs. 13.17 million from Custom Authorities deleting their Manufacturing Bond Entry for import of Polyester Staple Fiber (PSF). The Group has paid Rs. 5.60 million under protest against this demand and also made provision for the same amount. Since the goods were imported for re-export, the FBR has rectified the anomaly through S.R.O. 688(I)/2010 dated July 27, 2010. Management believes that no further provision is required for the remaining amount and the amount so paid shall become refundable.

16. SALES TAX REFUND BOND

Sales tax refund bond are issued by the Federal Board of Revenue (FBR) against sales tax refundable of Rs. 110 million. The bond so issued bear profit @ 10% per annum. Profit is accrued in the consolidated statement of profit or loss on sales tax refund bond for the period amounting to Rs. 0.79 million.

17. CASH AND BANK BALANCES

	Note	2019	2018
		(Rupees in '000)	
Cash in hand		7,950	8,119
Cash with banks in - current account	17.1	104,569	180,744
		112,519	188,863

17.1 It includes balances in foreign currency bank accounts amounting to US Dollars 7,126 equivalent to Rs. 1.16 million (2018: US Dollars 7,126 equivalent to Rs. 0.87 million).

18. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		2019	2018
(Number of Shares)			(Rupees in '000)	
6,000,000	6,000,000	Ordinary shares of Rs.10 each fully paid in cash	60,000	60,000
17,437,500	17,437,500	Ordinary shares of Rs.10 each issued as fully paid bonus shares	174,375	174,375
4,592,083	4,592,083	Ordinary shares of Rs. 10 each issued as fully paid pursuant to amalgamation	45,921	45,921
28,029,583	28,029,583		280,296	280,296

18.1 As at June 30, 2019, Y.B. Holdings (Private) Limited (the Ultimate Holding Company) hold 19,499,741 (2018: 19,499,741) ordinary shares of Rs. 10 each.

18.2 The Holding Company has one class of ordinary shares which carries no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Holding Company. All shares rank equally with regard to the Holding Company's residual assets.

19. LONG TERM FINANCE

- Banking companies - secured	Note	2019	2018
		(Rupees in '000)	
Long term finance	9.1	2,675,091	594,338
Less: Current portion of long term finance		(52,728)	-
		2,622,363	594,338

19.1 The Group has entered into a long term finance agreement with commercial banks, with an approved limit of Rs. 3.09 billion (June 30, 2018: Rs. 605 million). The facility carries a mark-up ranging from SBP Base Rate + 0.1% to SBP Base Rate + 0.6% payable on a quarterly basis (June 30, 2018: SBP Base Rate + 0.1% to SBP Base Rate + 0.3% payable on a quarterly basis). The tenure of this facility is 10 years including grace period of 2 years, starting from July 10, 2017. The Group has drawn Rs. 2.67 billion upto June 30, 2019 (June 30, 2018 Rs. 594 million).

The above financing agreement is secured by pari passu charge over plant and machinery of the Group.

20. RETIREMENT BENEFIT OBLIGATION

	Note	2019	2018
		(Rupees in '000)	
Retirement benefit obligation	20.1	562,984	533,769

20.1 Staff retirement gratuity

The Projected Unit Credit method based on following significant assumptions was used for valuation of the scheme. The basis of recognition together with details as per actuarial valuation are as under:

	2019	2018
Valuation Discount rate	14.25%	8%
Salary increase rate (Long term)	12.25%	8%
Salary increase rate (Short term)	9.25% for 3 years	12% for 2 years
Mortality rate	Adjusted SLIC 2001-05	Adjusted SLIC 2001-05

	Note	2019	2018
		(Rupees in '000)	
20.2 Liability recognized in the consolidated statement of financial position			
Present value of defined benefit obligation		562,984	533,769
20.3 Movement in liability during the year			
Balance as at July 1		533,769	446,314
Expense recognized in the consolidated statement of profit or loss	20.4	212,939	180,700
Gratuity transferred from dairy farm		407	-
Total remeasurements recognized in the consolidated statement of other comprehensive income	20.5	(73,048)	(7,297)
Benefits paid		(111,083)	(85,948)
Balance as at June 30		562,984	533,769
20.4 Expense recognized in the consolidated statement of profit or loss			
Current service cost		174,681	148,433
Interest cost		38,258	32,267
		212,939	180,700
20.5 Total remeasurements recognized in the consolidated statement of other comprehensive income			
Actuarial gain on liability arising on			
- financial assumptions		(51,546)	-
- demographic assumptions		-	3,028
- experience adjustments		(21,502)	(10,325)
		(73,048)	(7,297)

20.6 Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

	Change in assumption	Increase / (decrease) in defined benefit obligation	
		Increase in assumption	Decrease in assumption
	%	(Rupees in '000)	
Discount rate	1	(6,600)	5,918
Salary growth rate	1	8,749	(9,490)

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognized in the consolidated statement of financial position.

20.7 The gratuity scheme exposes the Group to the following risks:

Longevity risk: The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk: The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual salaries are higher than expectation and impacts the liability accordingly.

Withdrawal risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

20.8 The weighted average duration of defined benefit obligation as at June 30, 2019 is 31.18 years (2018: 32.1 years).

	Note	2019	2018
		(Rupees in '000)	
20.9 Expected maturity analysis of undiscounted retirement benefit plans			
Undiscounted payments			
Year 1		137,663	104,253
More than 1 year		529,399	486,493
21. DEFERRED TAX LIABILITIES			
Balance as at June 30	21.1	890,390	696,275

21.1 Deferred tax liability comprises of taxable / (deductible) temporary differences in respect of following:

	2019	2018
	---------------- (Rupees in '000) ----------------	
Deferred credits / (debits) arising due to:		
- Accelerated tax depreciation on property, plant and equipment	894,906	719,199
- Provision against retirement benefit obligation	(111,364)	(101,253)
- Provision against long term advance	(13,187)	(12,647)
- Provision against stores, spares and loose tools	(10,306)	(9,883)
- Provision against doubtful other receivables	(15,437)	(14,803)
- Gain arising from changes in fair value of livestock	22,605	-
- Share of profit from associates	123,173	115,662
	890,390	696,275

21.2 The income tax department did not allow credit of unabsorbed tax depreciation worked out for the tax holiday period from 1990 to 2000 against the profits of post tax holiday period. The Group filed appeal before the Commissioner of Inland Revenue (Appeals) and Appellate Tribunal Inland Revenue. In 2012, the matter was decided in favour of the Group but appeal effect order had not been given by the tax department. The income tax department filed appeal in Peshawar High Court and the matter is pending adjudication. Deferred tax asset approximately of Rs. 133.52 million on tax depreciation related to tax exempt period from 2010 to 2012 has also not been recorded due to uncertainty of recovery.

	Note	2019	2018
		---------------- (Rupees in '000) ----------------	
22. TRADE AND OTHER PAYABLES			
Creditors		485,154	459,588
Foreign bills payable		465,188	132,822
Advance from customers		27,811	52,075
Accrued liabilities		2,507,753	2,305,943
Withholding income tax		1,008	1,388
Sales tax		12,035	11,391
Workers' welfare fund		105,728	96,213
Workers' profit participation fund	22.1	54,397	642
Others		41,749	28,417
		3,700,823	3,088,479

22.1 Workers' profit participation fund

	Note	2019	2018
Balance as at July 1		642	57,102
Provision made during the year	30	88,314	77,825
Interest on funds utilized in business	29	6	14,302
Payments made during the year		(34,565)	(148,587)
Balance as at June 30		54,397	642

	Note	2019	2018
		---------------- (Rupees in '000) ----------------	
23. SHORT TERM BORROWINGS			
Banking companies - secured			
Running finance under mark-up arrangements	23.1	8,629,697	6,819,999
Short term finances	23.2	695,250	2,889,750
Foreign currency loan against - Export re-finance	23.3	601,736	155,157
		9,926,683	9,864,906

23.1 Facilities for running finance, import finance, export finance and export re-finance are available from various commercial banks upto Rs. 28.61 billion (2018: Rs. 27.78 billion). For running finance facility, the rates of mark-up range between KIBOR + 0.00% to KIBOR + 0.50% per annum (2018: KIBOR + 0.00% to KIBOR + 0.20% per annum). These are secured against hypothecation of stock, receivables and plant and machinery.

23.2 This represents short term finance facilities under sub-limit of the facilities mentioned in note 22.1 from various commercial banks having mark-up ranging between KIBOR - 0.05% to KIBOR + 0.00% per annum (2018: KIBOR - 0.12% to KIBOR + 0.00% per annum). These are secured against hypothecation of stock, charge on receivables and plant and machinery.

23.3 The rate of mark-up on export re-finance is 2.1% to 2.5% (2018: 2.1%).

24. CONTINGENCIES AND COMMITMENTS

24.1 Contingencies

24.1.1 Outstanding guarantees given on behalf of the Group by commercial banks in normal course of business amounting to Rs. 1.13 billion (2018: Rs. 990.04 million).

24.1.2 In prior years, Sui Northern Gas Pipeline Limited (SNGPL) charged the Group with an amount of Rs. 168 million on account of under billing of gas. The Group lodged a complaint with the Appellate Authority (the Authority) against SNGPL and on January 21, 2010, the Authority partly admitted the plea of the Group and allowed partial relief of Rs. 53.89 million. The Group has paid Rs. 113.63 million in prior years. Subsequent to the decision of the Authority, both the Group (to claim additional relief) and SNGPL (against the relief provided) have filed appeals with higher authorities against the decision. Management is of the view that no further liability will arise as it is expected that the final outcome of this case will be in its favour.

24.1.3 The Group filed a suit before the High Court of Sindh, challenging the applicability of Gas Infrastructure Development Cess (GIDC) Act, 2011. The Sindh High Court has restrained the Federation and gas companies from recovering GIDC over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GIDC as a tax was not levied in accordance with the Constitution and hence not valid.

In September 2014, the Federal Government promulgated GIDC Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the ground that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the said Ordinance was approved in the Parliament and became an Act.

The Group has challenged GIDC Act, 2015 and filed writ petition in the Peshawar High Court (PHC) challenging the vires and legality of the levy and demand of GIDC including its retrospective application. The Court has granted stay against charging of the GIDC under the said Act.

On May 31, 2017, PHC dismissed the said petition, however, the Group has obtained interim relief from the payment of GIDC through monthly bills. Further, the Group has filed Civil Petition for Leave to Appeal (CPLA) in honorable Supreme Court, against the said order of PHC.

Since this issue is being faced by industry at large, management is of the view that decision of the case will be in its favour and there is no need to maintain any provision against this liability.

24.1.4 National Accountability Bureau (NAB) had filed a reference on February 2, 2016 against Executives of the Group in the Accountability Court (Peshawar), alleging that the Group purchased electricity from Peshawar Electric Supply Group (PESCO) at a cheaper price and at the same time it sold the electricity to PESCO at a higher price. The management believes that the allegations are false, unsubstantiated and unfounded. The case is devoid of merits as the Group sold the electricity after required approvals, licenses and at price on which all captive power plants were selling electricity to distribution companies in accordance with approved policy of Government of Pakistan.

24.1.5 The Finance Act 2010 had introduced Clause 126F in Part I of Second Schedule of Income Tax Ordinance, 2001 (the Ordinance) exempting the tax on profits and gains derived by a tax payer located in the 'war on terror' affected areas of Khyber Pakhtunkhwa. As a result of this change, the income of the Group including tax on export proceeds for tax years 2010 to 2012 was exempt. However, the said clause does not specifically address the exemption of turnover tax under Section 113. In this regard, some companies located in the affected areas filed a petition in PHC against the recovery of turnover tax seeking a declaration regarding Section 113 and 159 as discriminatory and contrary to the Constitution and the Court granted a relief restraining the recovery of turnover tax. The Group along with other companies in the affected areas also filed the petition on the same grounds. The PHC in its order dated July 19, 2012, directed the respondents to extend the benefit to the Group. Subsequently, the Chief Commissioner Inland Revenue filed an appeal in the Supreme Court of Pakistan against the Group and other tax payers of the affected areas, which is pending for adjudication.

Through the Finance Act, 2015, a sub clause (XX) of clause 11(A) of the Second Schedule to the Ordinance has been added which gives relief to the Group that Section 113 does not apply to the tax payers falling under clause 126F. However, the matter of tax charged on other than local sales i.e. tax on export, is still pending for adjudication. Based on the judgment of the PHC management believes that the Group will not be subject to tax on export sales and hence, has not made any provision on account of tax on export sales for the years ended June 30, 2010, 2011 and 2012.

24.1.6 The Income Tax return of Fazal Textile Mills Limited (FTML) (previously merged with the Holding Company in the year 2015) for the tax year 2013 was amended under section 122(5A) by Additional Commissioner Income Revenue (ACIR) vide its order dated March 4, 2014 on account of certain disallowances primarily against Workers Welfare Fund (WWF). The Group filed an appeal against the amended order against which Commissioner Inland Revenue Appeals (CIRA) allowed some relief to the Group. The Group being dissatisfied had filed an appeal in the Appellate Tribunal which is pending adjudication. On the other hand Federal Board of Revenue (FBR) has selected said return for the audit under sections 177 and 214C. In pursuance to the aforementioned audit the amended assessment order was further amended by the Deputy Commissioner Inland Revenue (DCIR) making additions of Rs 1.63 million on account of certain disallowed expenses, levied WWF of Rs. 9.16 million and also restricted tax refundable to the amount of advance tax thereby reducing it by Rs. 48.89 million. The Group had filed an appeal before CIRA against the said audit on the grounds that the assessment was prejudicially re-amended without evaluating current status. The appeal is pending adjudication.

Based on the opinion of tax advisors of the Group, the management believes that the aforementioned matters will ultimately be decided in the favour of the Group. Accordingly, no provision is required to be made against the said amounts in these consolidated financial statements.

24.1.7 The Assistant Commissioner Inland Revenue (ACIR), Peshawar, has passed an order for the Tax Year 2015 which was under audit. The Group has preferred an appeal before the Commissioner Inland Revenue (Appeals) (CIRA) against the frivolous demand created by the ACIR. CIRA has given partial relief and the tax demand has now been reduced to Rs. 462 million. The Group has filed a second appeal before the Appellate Tribunal Inland Revenue (ATIR) for relief of remaining unjustified additions for which the order was received on December 14, 2018 in favour of the Group. Although, there were some difference of legal opinion between the Judicial and Accountant Member, therefore an independent member of Tribunal have to be appointed to resolve the matter. According to the Group's legal counsel, the Group has a strong legal ground and there is likelihood that the same will be decided in its favour. Accordingly, no provision is required to be made in these consolidated financial statments.

24.1.8 The Additional Commissioner Inland Revenue has issued an Order dated April 30, 2019 under section 122(9) of the Ordinance for the Tax Year 2013, created the demand of Rs. 60 million on the issues of carried forward unabsorbed depreciation and tax credit under section 65B of the Ordinance, which actually pertains to the Tax Year 2012, hence, barred by time for assessment. In response, the Group has also filed an appeal before Commissioner Inland Revenue – Appeals against the said impugned order.

Further, the Group has also moved forward to file the Review in Writ Petition before the Honorable PHC, after receiving impugned judgement passed in utter haste without mentioning proper argument presented by the Group's legal counsel, who is assertive to steer the decision with firm legal and factual arguments, in favour of the Group. Thus, no additional provision is recorded in this regards.

	2019	2018
	----------------- (Rupees in '000) ----------------	
24.1.9 Others		
Export bills discounted with recourse	1,277,307	2,562,265
Local bills discounted	192,333	126,873
Indemnity bond in favour of Collector of Customs against imports	5,906	4,105
Post-dated cheques in favour of Collector of Customs against imports	974,071	456,182

24.2 Commitments

	2019	2018
Letters of credit opened by banks for:		
Plant and machinery	836,937	254,806
Raw materials	225,272	267,771
Stores and spares	38,500	63,280

Further, the Group has outstanding contractual commitment under sponsors support agreement, for debt servicing of two loan installments upto Rs. 338 million on behalf of Yunus Energy Limited, an associate.

		Note	2019	2018
			(Rupees in '000)	
25.	**SALES - net**			
	Export			
	- Yarn		6,416,132	8,853,725
	- Knitted fabric		1,318,881	930,130
	- Waste		702,111	649,668
			8,437,124	10,433,523
	Commission on direct export sales		(91,278)	(103,972)
			8,345,846	10,329,551
	Local			
	- Yarn		22,381,325	16,578,091
	- Knitted fabric		139,921	489,645
	- Waste		480,266	271,507
			23,001,512	17,339,243
	Commission on local sales		(117,587)	(75,572)
	Sales tax		(12,292)	(38,535)
			22,871,633	17,225,136
			31,217,479	27,554,687

		Note	2019	2018
26.	**COST OF SALES**			
	Opening stock - finished goods		866,680	1,280,468
	Cost of goods manufactured	26.1	28,797,490	25,196,009
	Less: Closing stock - finished goods	11	(1,339,414)	(866,680)
			28,324,756	25,609,797

		Note	2019	2018
			(Rupees in '000)	
26.1	**Cost of goods manufactured**			
	Raw material consumed	26.1.1	21,072,612	17,713,068
	Salaries, wages and benefits	26.1.2	2,296,835	2,048,132
	Stores, spares and loose tools		739,476	622,643
	Packing material		565,069	572,185
	Rent, rates and taxes		3,108	2,832
	Doubling charges		11,260	13,969
	Dyeing, stitching and knitting charges		128,914	164,159
	Mixing charges		32,594	31,004
	Depreciation	5.1.1	707,426	669,202
	Fuel and power	26.1.3	3,160,387	3,263,816
	Repairs and maintenance		17,283	23,103
	Printing and stationary		418	350
	Legal and professional		3,453	8,525
	Entertainment		6,561	5,904
	Fee and subscriptions		8,270	7,893
	Insurance		60,610	36,637
	Travelling and conveyance		26,395	20,332
	Communication		3,703	3,427
	Other manufacturing expenses		12,442	12,336
			28,856,816	25,219,517
	Work-in-process			
	Opening stock		286,033	262,525
	Closing stock	11	(345,359)	(286,033)
			(59,326)	(23,508)
	Cost of goods manufactured		28,797,490	25,196,009

		Note	2019	2018
26.1.1	**Raw material consumed**			
	Opening stock		6,316,848	4,157,585
	Purchases - net		21,468,917	19,872,331
	Less: Closing stock	11	(6,713,153)	(6,316,848)
			21,072,612	17,713,068

26.1.2 Salaries, wages and benefits include Rs. 195.45 million (2018: Rs. 165.69 million) in respect of retirement benefit obligation.

26.1.3 This includes depreciation expense of Rs. 58.36 million (2018: Rs. 46.34 million).

27. DISTRIBUTION COST

	Note	2019	2018
		(Rupees in '000)	
Logistic and related charges		275,165	304,599
Loading and others		30,186	30,637
Fee and subscriptions		20,601	25,285
Salaries, wages and benefits	27.1	42,595	28,691
Bank charges on export documents		13,824	24,962
Travelling and conveyance		7,227	11,211
Vehicles running and maintenance		2,344	1,851
Insurance		4,886	5,117
Communication		3,102	2,585
Entertainment		58	108
Printing and stationary		430	392
Repairs and maintenance		71	126
Others		1,275	1,747
		401,764	437,311

27.1 Salaries, wages and benefits include Rs. 6 million (2018: Rs. 3.13 million) in respect of retirement benefit obligation.

28. ADMINISTRATIVE EXPENSES

	Note	2019	2018
		(Rupees in '000)	
Salaries, wages and benefits	28.1	161,346	127,428
Legal and professional		4,648	5,430
Depreciation	5.1.1	29,046	20,739
Travelling and conveyance		12,915	8,644
Electricity		11,887	12,306
Fee and subscriptions		5,273	8,777
Vehicles running and maintenance		12,325	10,700
Insurance		13,856	10,587
Communication		6,206	6,053
Entertainment		2,505	2,286
Secretarial expenses		1,916	1,977
Auditors' remuneration	28.2	1,650	1,300
Printing and stationary		5,480	3,190
Repairs and maintenance		5,297	2,459
Advertisement		23	160
Rent, rates and taxes		314	330
Books and periodicals		61	54
Others		2,249	1,825
		276,997	224,245

28.1 Salaries, wages and benefits include Rs. 11.49 million (2018: Rs. 11.88 million) in respect of retirement benefit obligation.

28.2 Auditors' remuneration

	Note	2019	2018
		(Rupees in '000)	
Statutory audit fee		1,350	1,150
Half yearly review and other certifications		150	150
Audit fee for consolidated accounts		100	-
Audit fee for standalone GHPL accounts		50	-
		1,650	1,300

29. FINANCE COST

	Note	2019	2018
Mark-up / interest on:			
Long term finance		27,277	9,352
Short term borrowings		1,075,853	516,307
Workers' profit participation fund	22.1	6	14,302
		1,103,136	539,961
Bank and other financial charges		51,513	50,329
		1,154,649	590,290
Less: borrowing cost capitalized	29.1	(56,470)	(15,608)
		1,098,179	574,682

29.1 Borrowing cost is capitalized at weighted average borrowing capitalization rate of 4.06% (2018: 3.77%).

30. OTHER OPERATING EXPENSES

	Note	2019	2018
		(Rupees in '000)	
Workers' profit participation fund	22.1	88,314	77,825
Workers' welfare fund		9,515	5,024
Exchange loss on foreign currency bank account - net		-	76,007
Loss on disposal of property, plant and equipment - net		-	2,357
Others		938	180
		98,767	161,393

31. OTHER INCOME

	Note	2019	2018
Profit on deposit accounts		1,407	1,515
Profit accrued on sales tax refund bond		797	-
Scrap sales		38,364	36,077
Rebate on export sales		38,781	411,625
Realized gain on sale of shares of ICI - an associate		5,018	-
Gain arising from changes in fair value of livestock		77,947	-
Exchange gain on foreign currency bank account - net		307	-
Gain on disposal of property, plant and equipment - net		6,257	-
		168,878	449,217

	2019	2018
	---------------- (Rupees in '000) ----------------	

32. TAXATION

	2019	2018
Current		
- for the year	282,355	257,481
- prior year	4,011	1,682
	286,366	259,163
Deferred	195,989	29,187
	482,355	288,350

32.1 Relationship between tax expense and accounting profit

The numerical reconciliation between the average tax rate and applicable tax rate has not been presented in these consolidated financial statments as the total income of the Group attracts minimum tax under section 113 of the Income Tax Ordinance, 2001 and its export sales fall under final tax regime.

32.2 Management had a practice of recording tax expense based on the generally accepted interpretation of tax laws and accordingly sufficient provision in respect of taxation for last three years has been provided in these consolidated financial statments.

32.3 As per section 5(A) of the Income Tax Ordinance, 2001, tax at the rate of 5% shall be imposed on every public Company which derives profit for the year. However, this tax shall not apply in case of the Company which distributes at least 20 percentage of after tax profits within six months of the end of the tax year in the form of cash dividend. Liability in respect of such tax, if any, is recognized when the prescribed time period for distribution of dividend expires.

33. EARNINGS PER SHARE - Basic and Diluted

There is no dilutive effect on the basic earnings per share of the Group which is based on:

		2019	2018
Profit for the year	Rupees in '000	1,186,102	1,185,296
Number of ordinary shares	Number of shares	28,029,583	28,029,583
Earnings per share	Rupees	42.32	42.29

34. CASH GENERATED FROM OPERATIONS

	Note	2019	2018
		---------------- (Rupees in '000) ----------------	
Profit before taxation		1,668,457	1,473,646
Adjustments for:			
Depreciation		794,827	736,284
(Gain) / loss on disposal of property, plant and equipment		(6,257)	2,357
Gain on sale of investments		(5,018)	-
Gain arising from changes in fair value of livestock		(77,947)	-
Finance cost		1,098,179	574,682
Share of profit from associates		(482,563)	(477,170)
Rebate on export sales		(38,781)	(411,625)
Profit accrued on sales tax refund bond		(797)	-
Profit on deposits		(1,407)	(1,515)
Provision for retirement benefit obligation		212,939	180,700
Working capital changes	34.1	(1,104,227)	(2,248,641)
		388,948	(1,644,928)
Cash generated from / (used in) operations		2,057,405	(171,282)

34.1 Working capital changes

	2019	2018
(Increase) / decrease in current assets		
Stores, spares and loose tools	(52,906)	(57,529)
Stock-in-trade	(928,365)	(1,768,983)
Trade debts	(1,050,219)	(713,412)
Loans and advances	(68,219)	(20,193)
Trade deposits and short term prepayments	23,372	(14,594)
Sales tax refund bond	(110,000)	-
Other receivables	34,375	285,154
	(2,151,962)	(2,289,557)
Increase / (decrease) in current liabilities		
Export re-finance	446,579	(268,146)
Trade and other payables	601,156	309,062
Working capital changes	(1,104,227)	(2,248,641)

35. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amount charged in respect of remuneration and other benefits paid to chief executive and executives of the Group were as follows:

	2019		2018	
	Chief Executive	Executives	Chief Executive	Executives
	Rupees in '000			
Remuneration	13,200	46,068	13,200	28,798
House rent	3,600	13,820	3,600	8,639
Utilities	1,200	4,607	1,200	2,880
Bonus	1,875	8,092	1,875	4,173
Medical	-	4,607	-	2,880
Leave encashment	-	3,852	-	2,429
Retirement benefits	-	13,019	-	13,082
	19,875	94,065	19,875	62,881
Number of persons	1	19	1	19

35.1 The Group also provides vehicles for use to Chief Executive and Executives as per Group policy.

35.2 No remuneration has been paid to Directors of the Group except for meeting fee of Rs.1.17 million (2018: Rs. 0.99 million).

36. PRODUCTION CAPACITY

	2019	2018
Spinning Mill		
Total number of spindles installed	342,420	332,724
Number of shifts worked per day	3	3
Number of days worked	365	365
Number of shifts worked	1,094	1,094
Total number of spindles worked	352,808,927	352,519,113
Installed capacity after conversion into 20's (Kgs)	143,370,707	139,311,008
Actual production after conversion into 20's (Kgs)	134,417,781	132,048,782
Actual production (Kgs)	78,464,630	81,335,356
Knitting		
Total number of knitting machines installed	12	12
Average number of days worked	-	-
Installed capacity (Kgs)	1,485,000	1,485,000

It is difficult to describe precisely the production capacity in the textile industry since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, twist per inch, raw material used, etc.

The knitting capacity has not been used during the year because the Group outsourced its knitting production in order to achieve lower cost of production.

37. NUMBER OF EMPLOYEES

	2019			2018		
	Factory	Others	Total	Factory	Others	Total
Number of employees						
- At June 30	4,848	135	4,983	4,840	135	4,975
- Average during the year	4,829	133	4,962	4,848	139	4,987

38. RELATED PARTY TRANSACTIONS

Transactions between the Group and the related parties are carried out as per agreed terms. Transactions with related parties, other than remuneration and benefits to key management personnel under the term of their employment as disclosed in note 35 are as follows:

Name of Related Party	Basis of Relationship	% of share-holding	Nature of Transaction	2019	2018
				---------------- (Rupees in '000)	---------------
Y.B.Holdings (Private) Limited	Ultimate Holding Company	-	Reimbursement of expenses to Group	1,582	1,342
			Dividend paid	170,623	229,122
ICI Pakistan Limited	Associate	7.21%	Purchase of fibre	1,678,237	1,960,860
			Share of profit on investment	195,190	213,688
			Share of other comprehensive income/(loss)	1,713	(16,157)
			Dividend received	86,607	107,656
Yunus Energy Limited	Associate	19.98%	Reimbursement of expenses to Group	2,879	12,382
			Reimbursement of expenses from Group	235	-
			Share of profit on investment	284,034	241,181
			Share of other comprehensive (loss)/income	(1,275)	208
			Dividend received	183,410	137,557
			Vehicle sold	1,067	6,096
Lucky Holdings Limited	Associate	1%	Share of profit on investment	3,339	22,301
			Share of other comprehensive income	-	1,803
Lucky Cement Limited	Associated Company	-	Purchase of cement	59,005	21,950
			Reimbursement of expenses to Group	970	1,028
Lucky Knits (Private) Limited	Associated Company	-	Yarn sold	1,201,631	871,999
			Yarn purchase	-	724
			Purchase of goods & services	28,265	34,506
			Reimbursement of expenses to Group	4,432	2,604
Yunus Textile Mills Limited	Associated Company	-	Yarn sold	251,367	291,700
			Sale of waste	77,391	20,780
Lucky Textile Mills Limited	Associated Company	-	Yarn sold	1,667,631	2,007,749
			Sale of fabric	130,244	470,583
			Processing charges	267	2,310
			Reimbursement of expenses to Group	3,369	2,408
Lucky Energy (Private) Limited	Associated Company	-	Purchase of electricity/steam	1,123,074	1,096,878
			Reimbursement of expenses to Group	2,144	1,558
Lucky Landmark (Private) Limited	Associated Company	-	Vehicle sold	-	1,491
			Reimbursement of expenses to Group	3,600	1,200
Tricom Wind Power (Private) Limited	Associated Company	-	Subordinated loan	10,773	-
			Advance against shares	39,566	1,797
Tricom Solar Power (Private) Limited	Associated Company	-	Subordinated loan	6,599	-
			Advance against shares	-	4,534
Yunus Wind Power Limited	Associated Company	-	Subordinated loan	5,149	-
			Advance against shares	-	594
Kia Lucky Motors Pakistan Limited	Associated Company	-	Purchase of vehicle	2,149	1,999

38.1 Associate / Associated Companies comprise of related parties due to common directorship.

39. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

39.1 Financial instruments by category

	2019	2018
	---------------- (Rupees in '000)	---------------
Financial assets		
At amortized cost		
Sales tax refund bond	110,797	-
At fair value through profit or loss		
Loans to employees	63,515	54,774
Trade debts	3,517,747	2,464,181
Loans and advances	14,124	8,864
Other receivables	263,036	496,692
Cash and bank balances	112,519	188,863
	3,970,941	3,213,374
Financial liabilities		
At amortized cost		
Long term finance	2,675,091	594,338
Trade and other payables	3,034,656	2,793,948
Unclaimed dividend	21,879	21,423
Accrued mark-up	318,196	129,830
Short term borrowings	9,926,683	9,864,906
	15,976,505	13,404,445

39.2 Financial risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management. The responsibility includes developing and monitoring the Group's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Group's financial risk exposures. The Group's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:

39.2.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry. The Group does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Group arises principally from trade debts, loans and advances and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2019	2018
	(Rupees in '000)	
Long term loans	63,515	54,774
Trade debts	3,517,747	2,464,181
Loans and advances	14,124	8,864
Other receivables	263,036	496,692
Bank balances	104,569	180,744
	3,962,991	3,205,255

The trade debts are due from foreign and local customers for export and local sales respectively. Majority of the trade debts from foreign customers are secured against letters of credit. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors. For bank balances, financial institutions with strong credit ratings are accepted. Credit risk on bank balances is limited as these are placed with banks having good credit ratings. Loans to employees are secured against their gratuity balances.

The Group always measures the loss allowance for trade debts at an amount equal to lifetime ECL using the simplified approach. The expected credit losses on local trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. The Group has recognised a loss allowance of Rs. 4.09 million against all local trade debts.

39.2.2 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The following are the contractual maturities of financial liabilities, including interest payments, excluding the impact of netting agreements:

June 30, 2019	Within 1 year	2 - 5 years	More than 5 years	Total
	Rupees in '000			
Financial liabilities				
Long term financing	52,728	1,467,705	1,154,658	2,675,091
Trade and other payables	3,034,656	-	-	3,034,656
Unclaimed dividend	21,879	-	-	21,879
Accrued mark-up	318,196	-	-	318,196
Short term borrowings	9,926,683	-	-	9,926,683
	13,354,142	1,467,705	1,154,658	15,976,505

June 30, 2018	Within 1 year	2 - 5 years	More than 5 years	Total
	Rupees in '000			
Financial liabilities				
Long term financing	-	275,605	318,733	594,338
Trade and other payables	2,793,948	-	-	2,793,948
Unclaimed dividend	21,423	-	-	21,423
Accrued mark-up	129,830	-	-	129,830
Short term borrowings	9,864,906	-	-	9,864,906
	12,810,107	275,605	318,733	13,404,445

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining sufficient cash and bank balances and availability of financing through banking arrangements, which includes Short term borrowings and discounting of foreign receivables. Total unavailed facility balances as at June 30, 2019 are as reported in note 23.1 to these consolidated financial statements.

39.2.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing returns.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2019 the Group is not exposed to price risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and Short term borrowings from financial institutions. At the reporting date the interest rate risk profile of the Group's interest-bearing financial instruments is:

	2019	2018
	----------------- (Rupees in '000) ----------------	
Fixed rate instruments		
Financial assets	110,797	-
Financial liabilities	601,736	155,157
Variable rate instruments		
Financial liabilities - KIBOR / SBP base rate	12,000,038	10,304,087

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through consolidated the statement of profit or loss. Therefore, a change in interest rate at the reporting date would not affect consolidated the statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in KIBOR / SBP base rate, financial liabilities at the reporting date would have increased / (decreased) consolidated equity and profit or loss by Rs. 120.00 million (2018: Rs. 103.04 million). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis as in previous year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered in foreign currencies. The Group is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. As at year end, the financial assets and liabilities exposed to currency risk are as follows:

	2019	2018	2019	2018
	------------------------ USD ------------------------		------------------- PKR in '000 -------------------	
Trade debts	6,728,998	7,092,271	1,103,762	861,002
Foreign currency bank balances	7,126	7,126	1,162	865
Foreign bills payable	(2,853,914)	(1,094,086)	(465,188)	(132,822)

The following significant exchange rates applied during the year:

	Average rates		Reporting date rates	
	2019	2018	2019	2018
US Dollars to PKR	136.4	109.9	163.5 / 163.0	121.6 / 121.4

As at June 30, 2019, if the Pakistani Rupee had weakened / strengthened by 10% against the US Dollars with all variables held constant, consolidated profit or loss for the year would have been lower / higher by Rs. 63.97 million (2018: Rs. 72.90 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as in previous year.

40. FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of all financial assets and liabilities reflected in these consolidated financial statments approximate their fair values.

Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- **Level 1** fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

- **Level 2** fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- **Level 3** fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2019, the Group has no financial instruments that falls into any of the above category.

There were no transfers between Level 1 and 2 in the year.

41. CAPITAL RISK MANAGEMENT

The objective of the Group when managing capital, i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders or issue new shares.

42. OPERATING SEGMENTS

Basis of segmentation

A business segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. Management has determined the operating segments based on the information that is presented to the Board of Directors of the Group for allocation of resources and assessment of performance. Based on internal management reporting structure and products produced and sold, the Group is organized into the following two operating segments:

- Spinning segment: manufacturing and sale of yarn
- Knitting segment: manufacturing and sale of knitted fabric

Management monitors the operating results of the abovementioned segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on consolidated operating profit or loss which in certain respects, as explained in table below, is measured differently from consolidated statement of profit or loss in these consolidated financial statments. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. All non current assets of the Group as at June 30, 2019 are located in Pakistan.

Liabilities are incurred for the Group as a whole and are not segment-wise reported to the Board of Directors. All the unallocated results and assets are reported to the Board of Directors at entity level. The following information presents operating results information regarding operating segments for the respective years and asset information regarding operating segments as at reporting date:

	2019				2018			
	Spinning	Knitting	Unallocated	Total	Spinning	Knitting	Unallocated	Total
	(Rupees in '000)							
Segment revenues								
Export	7,072,005	1,273,841	-	8,345,846	9,425,847	903,704	-	10,329,551
Local	22,733,740	137,893	-	22,871,633	16,736,937	488,199	-	17,225,136
Profit before tax:	777,774	326,616	564,067	1,668,457	684,462	312,014	477,170	1,473,646
Finance cost	1,093,798	4,151	230	1,098,179	571,151	3,531	-	574,682
Depreciation	764,494	1,287	29,046	794,827	714,238	1,307	20,739	736,284
Segment assets								
Property, plant and equipment	9,623,653	4,261	210,068	9,837,982	7,605,213	4,735	181,980	7,791,928
Other non-current assets	-	-	3,093,075	3,093,075	-	-	2,749,970	2,749,970
Current assets	11,682,412	409,454	1,819,882	13,911,748	10,340,513	142,548	2,117,571	12,600,632 t

43. SUMMARY OF SIGNIFICANT TRANSACTIONS

Significant transactions arising during the year pertains to the following:

- During the year, the Group has established a wholly owned subsidiary by the name of Gadoon Holdings (Private) limited as disclosed in note 2 to these consolidated financial statments; and

- Reclassification of advance against pilot project of dairy farm business in respective financial statement line items as disclosed in note 14.1 to these consolidated financial statments.

44. CORRESPONDING FIGURES

Corresponding figures have been reclassified / rearranged wherever necessary for better presentation.

45. GENERAL

These consolidated financial statments has been rounded off to the nearest thousand rupees.

The Board of Directors proposed a final dividend for the year ended June 30, 2019 of Rs. 8.50 per share (2018: Rs. 8.75 per share) amounting to Rs. 238.25 million (2018: Rs. 245.26 million).

These consolidated financial statments were authorized for issue on July 26, 2019 by the Board of Directors of the Group.

MUHAMMAD YUNUS TABBA	MUHAMMAD SOHAIL TABBA	MUHAMMAD IMRAN MOTEN
Chairman / Director	Chief Executive Officer	Chief Financial Officer

pattern of shareholding

As at June 30, 2019

No. of Shareholders	Categories From	Categories To	Total Shares Held
752	1	100	27,830
742	101	500	182,088
364	501	1000	289,172
224	1001	5000	529,783
49	5001	10000	374,795
18	10001	15000	214,193
11	15001	20000	198,028
5	20001	25000	110,200
2	25001	30000	54,700
3	30001	35000	99,100
2	35001	40000	74,706
2	45001	50000	98,500
1	50001	55000	51,500
3	60001	65000	185,767
1	90001	95000	95,000
1	105001	110000	106,300
1	120001	125000	120,711
1	130001	135000	132,497
2	155001	160000	312,400
1	325001	330000	326,803
2	405001	410000	813,350
1	525001	530000	529,993
1	555001	560000	559,600
1	560001	565000	563,522
1	705001	710000	705,494
1	715001	720000	717,210
1	1055001	1060000	1,056,600
1	19495001	19500000	19,499,741
2,194			**28,029,583**

Categories of Shareholders	Shareholdings	Shares Held	Percentage
A) Director and Spouse(s)			
Mr. Muhammad Yunus Tabba	1	3,673	0.01
Mr. Muhammad Sohail Tabba	1	3,673	0.01
Mr. Muhammad Ali Tabba	1	3,673	0.01
Mr. Jawed Yunus Tabba	1	3,673	0.01
Ms. Zulekha Tabba Maskatiya	1	3,673	0.01
Mr. Saleem Zamindar	1	500	0.00
Mr. Zafar Masud	1	500	0.00
B) Associated Companies, Undertaking and Related Parties			
Y.B. Holdings (Private) Limited	1	19,499,741	69.57
C) Executives	-	-	-
D) Public Sector Companies and Corporations	-	-	-
E) Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful, Modarabas, Pension Funds and REIT Management	52	2,136,892	7.62
F) Mutual Funds			
GMCBFSL - Trustee JS Value Fund	1	33,200	0.12
CDC - Trustee JS Large Capital Fund	1	37,800	0.13
CDC - Trustee Atlas Stock Market Fund	1	8,700	0.03
CDC - Trustee Unit Trust of Pakistan	1	48,500	0.17
CDC - Trustee AKD Index Tracker Fund	1	1,500	0.01
CDC - Trustee JS Pension Savings Fund - Equity Account	1	11,497	0.04
MC FSL - Trustee JS Growth Fund	1	51,500	0.18
CDC - Trustee National Investment (Unit) Trust	1	132,497	0.47
M/s. First Cresent Modarba	1	4500	0.02
G) General Public			
a - Local	2,118	5,988,937	21.38
b -Foreign	5	3,781	0.01
Foreign Companies	1	50,000	0.18
Other	1	1,173	0.00
Total	2,194	28,029,583	100.00

notice of 32nd annual general meeting

Notice is hereby given that the 32nd Annual General Meeting of the members of Gadoon Textile Mills Limited ("Company") is scheduled to be held on Saturday, September 28, 2019 at 10:30 a.m. at 200-201, Gadoon Amazai Industrial Estate, Gadoon Amazai, District Swabi, Khyber Pakhtunkhwa to transact the following business:

Ordinary Business

1. To confirm the Minutes of Extraordinary General Meeting held on March 20, 2019.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Chairman's Review Report, Directors' and Auditor's report thereon.
3. To approve the cash dividend @ Rs.8.50 per share for the year ended June 30, 2019 as recommended by the Board of Directors.
4. To appoint Auditors for the year ending June 30, 2020 and fix their remuneration.
5. To transact any other business with the permission of the Chair.

Special Business

1 To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended June 30, 2019 by passing the following resolution:

"RESOLVED THAT the transactions carried out by the Company with related parties including Gadoon Holdings (Private) Limited, ICI Pakistan Limited, KIA Lucky Motors Pakistan Limited, Lucky Cement Limited, Lucky Energy (Private) Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, Lucky Landmark (Private) Limited, Lucky Textile Mills Limited, Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited, Y.B. Holdings (Private) Limited, Yunus Energy Limited, Yunus Textile Mills Limited, Yunus Wind Power Limited and other such related parties during the year ended June 30, 2019 be and are hereby approved."

2. To approve potential transactions with related parties intended to be carried out in the financial year 2019-2020 (including fiscal limits of general transaction) and to authorize the board of directors of the Company to carry out such related party transactions at its discretion from time to time, irrespective of the composition of the board of directors.

The resolutions to be passed as special resolutions are as under:

"RESOLVED THAT the Company be and is hereby authorized to carry out transactions including, but not limited to, the sale of yarn and other necessary goods, as well as the transaction of cement, cloth, power, steam, garments, textiles, vehicles and other ancillary machinery and relevant parts and other necessary commodities including receipt and payment of dividends, with related parties from time to time including, but not limited to, Gadoon Holdings (Private) Limited, ICI Pakistan Limited, KIA Lucky Motors Pakistan Limited, Lucky Cement Limited, Lucky Energy (Private) Limited, Lucky Holdings Limited, Lucky Knits (Private) Limited, Lucky Landmark (Private) Limited, LuckyOne (Private) Limited, Lucky Textile Mills Limited, Lucky Wind Power Limited, Tricom Solar Power (Private) Limited, Tricom Wind Power (Private) Limited, Y.B. Holdings (Private) Limited, Y.B. Pakistan Limited, Yunus Energy Limited, Yunus Textile Mills Limited, Yunus Wind Power Limited and other such related parties to the extent of Rs.12,000,000,000/- (Rupees Twelve Billion Only) for the fiscal year 2019-20.

FURTHER RESOLVED THAT within the above parameters approved by the shareholders of the Company, the board of directors of the Company may, at its discretion, approve specific related party transactions from time to time, irrespective of the composition of the board, and in compliance with the Company's policy pertaining to related party transactions and notwithstanding any interest of the directors of the Company in any related party transaction which has been noted by the shareholders."

By order of the Board

Abdul Sattar Abdullah
Company Secretary

Karachi: September 7, 2019

Notes

1. CLOSURE OF SHARE TRANSFER BOOKS:
The Share Transfer Books of the Company will remain closed from Saturday, September 21, 2019 to Saturday, September 28, 2019 (both days inclusive). Transfer received in order at our **Share Registrar/Transfer agent, CDC Share Registrar Services Limited (CDCSRSL),** CDC House, 99-B, S.M.C.H. Society, Main Shahrah-e-Faisal, Karachi 74400, at the close of business on Friday, September 20, 2019 will be considered in time for the purpose of above entitlement to the transferees.

2. PARTICIPATION IN GENERAL MEETING
All shareholders of the company are entitled to attend and vote at the general meeting of the Company after verification of their identity.

A member eligible to attend and vote may appoint another member as his/her proxy to attend and vote instead of him/her.

Proxies in order to be effective must be received by the company at the Registered Office of the Company at 200-201, Gadoon Amazai Industrial Estate, Gadoon Amazai, District Swabi, Province of Khyber Pakhtunkhwa, at least 48 hours before the time of holding the meeting.

CDC account holders are advised to follow the following guidelines:

For attending the meeting:

i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in a group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

For appointing proxies

i) In case of Proxy for an individual beneficial owner of shares from CDC, attested copies of beneficial owner's CNIC or Passport, Account and Participant's I.D. numbers must be deposited along with the form of proxy.

ii) In case of proxy for representative of corporate members from CDC, Board of Directors' Resolution and Power of Attorney and the specimen signature of the nominee must be deposited along with the form of proxy. The proxy shall produce his/her original Computerized National Identity Card or Passport at the time of meeting.

iii) In order to be effective, the form of proxy duly completed, stamped, signed and witnessed along with Power of Attorney, or other instruments (if any), must be deposited at the registered office of the Company at least 48 hours before the time of holding the meeting.

iv) If a member appoints more than one proxy and more than one form of proxy are deposited by a member with the Company, all such forms of proxy shall be rendered invalid.

3. NOTIFY THE CHANGES IN ADDRESSES OF SHAREHOLDERS:
The shareholders of the Company are requested to notify changes in their mailing addresses (if any), to our share registrar/transfer agent.

4. SUBMISSION OF COPIES OF CNIC (MANDATORY):
Pursuant to the Notification SRO.275(I)/2016 dated March 31, 2016 read with S.R.O.19(I)/2014 dated January 10, 2014 and SRO.831(I)/2012 dated July 5, 2012 of the Securities & Exchange Commission of Pakistan (SECP), Dividend Warrant(s) shall mandatorily bear the Computerized National Identity Card (CNIC) numbers of shareholders. Shareholders are therefore requested to fulfill the statutory requirements and submit a copy of their CNIC or NTN in case of corporate entities (if not already provided) to the Company's Share Registrar.

In case of non-availability of a valid copy of the Shareholders' CNIC in the records of the Company, the Company shall be constrained to withhold the Dividend Warrants, which will be released by the Share Registrar only upon submission of a valid copy of the CNIC in compliance with the aforesaid SECP directives.

5. WITHHOLDING TAX ON DIVIDEND
Government of Pakistan through Finance Act, 2019, has made certain amendments in withholding tax provision by substituting the definition of "Filers" with "Active Taxpayer List" (ATL), whereby the company is required to collect tax on dividend under Section 150 of the Income Tax Ordinance, 2001 from the person not appearing in the ATL at the rates specified in the Ordinance as increased by 100%. These tax rates are as under:

(a) For persons appearing in Active Taxpayer List	15.0%
(b) For persons not appearing in Active Taxpayer List	30.0%

Shareholders who are filers, are advised to make sure that their names are entered into latest ATL provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as person not appearing in ATL and tax on their cash dividend will be deducted at the rate of 30% instead of 15%.

5.1 FOR JOINT SHAREHOLDERS
For shareholders holding their shares jointly as per the clarification issued by the Federal Board of Revenue, withholding tax will be determined separately as per status of their names appearing in the ATL for principal shareholder as well as joint-holder(s) based on their shareholding proportions. Therefore, all shareholders who hold shares jointly are required to provide shareholding proportions of principal shareholder and joint-holder(s) in respect of shares held by them to our Share Registrar in writing as follows:

GADOON TEXTILE MILLS LIMITED					
Folio/CDC Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC	Shareholding Proportion (No. of Shares)	Name and CNIC	Shareholding Proportion (No. of Shares)

6. PAYMENT OF CASH DIVIDEND ELECTRONICALLY (E-DIVIDEND MECHANISM)
As per provision of Section 242 of Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders and SECP vide S.R.O.1145(I)/2017 (as amended) directed all shareholders to provide their valid International Bank Account Numbers (IBAN) to receive cash dividend electronically.

The shareholders are hereby advised to provide details of their bank mandate specifying: (i) Title of Account, (ii) IBAN, (iii) Bank Name, (iv) Branch Name and Address to the Company's Share Registrar, shareholders who hold shares with Participants/CDC are advised to provide the mandate to the concerned Broker/Participant/CDC Investor account services.

The form for providing such information has been made available under the Investor Information section at Company's website http://gadoontextile.com/investor-information/

7. TRANSMISSION OF AUDITED FINANCIAL STATEMENTS / NOTICES THROUGH EMAIL
As notified by the SECP vide SRO.787(I)/2014 dated September 8, 2014, all listed companies are allowed to circulate audited financial statements along with notice of annual general meetings to its shareholders through their e-mail addresses subject to written consent of the shareholders.

Shareholders of the company who wish to receive audited financial statements, notice of general meetings and other financial reports through e-mail are requested to fill the required information on the form earlier dispatched to the Shareholders of the Company. The form is also available under the Investor Information section at company's website http://gadoontextile.com/investor-information/ Filled forms may please forward to the company's share registrar.

8. TRANSMISSION OF ANNUAL FINANCIAL STATEMENTS THROUGH CD/DVD/USB
SECP through its SRO.470(I)/2016 dated May 31, 2016 have allowed companies to circulate their annual balance sheet, profit and loss account, auditor's report and directors' report to its members through CD/DVD/USB at their registered addresses. In view of the above the Company has sent its Annual Report to the shareholders in the form of CD/DVD. Any Member can send request for printed copy of the Annual Report to the Company on standard request form placed under the Investor Information section on its website http://gadoontextile.com/investor-information/

9. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON COMPANY'S WEBSITE
The audited financial statements of the Company for the year ended June 30, 2019 have been made available on the Company's website www.gadoontextile.com/investor-information/#report, in addition to annual and quarterly financial statements for the prior years.

10. REQUIREMENT OF COMPANIES (POSTAL BALLOT) REGULATIONS 2018:
Pursuant to Companies (Postal Ballot) Regulations 2018, for any other agenda item subject to the requirements of Sections 143 and 144 of the Companies Act 2017, members present in person, through video-link or by proxy, and having not less than one-tenth of the total voting power can also demand a poll and exercise their right of vote through postal ballot, that is voting by post or through any electronic mode, in accordance with requirements and procedure contained in the aforesaid regulations.

11. UNCLAIMED DIVIDENDS:
As per the provision of section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date on which it was due and payable are required to be deposited with the Commission for the credit of Federal Government after issuance of notices to the shareholders to file their claim. In this regards, a notice to shareholder was sent at their provided addresses and subsequently final notice was published in newspapers having nationwide circulation.

Shareholders are requested to ensure that their claims for unclaimed dividend and shares are lodged timely. In case, no claim is lodged with the Company in the given time, the Company shall proceed to deposit the unclaimed/unpaid amount and shares with the Federal Government pursuant to the provision of Section 244 (2) of Companies Act, 2017.

13. CONSENT FOR VIDEO CONFERENCE FACILITY:
Pursuant to Section 132(2) of the Companies Act, 2017, if company receives consent form from shareholders holding aggregate 10% or more shareholding residing at geographical location to participate in the meeting through video conference at least 7 days prior to the date of meeting, the company will arrange video conference facility in that city subject to availability of such facility in that city. To avail this facility please provide following information and submit to registered office of the Company:

12. DEPOSIT OF PHYSICAL SHARES INTO CDC ACCOUNTS:
In accordance with the requirement of section 72 of Companies Act, 2017 every existing Company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act. The shareholder having physical shares may open CDC sub-account with any of the broker or investor account directly with CDC to place their physical shares into scrip-less form.

Consent Form for Video Conference Facility

I/We ______________________________________ of _______________________ being a shareholder of Gadoon Textile Mills Limited, holder of __________ ordinary share(s) as per Register Folio / CDC Account No. ______________ hereby opt for video conference facility at ___________________.

Signature of Member(s)

THE STATEMENT UNDER SECTION 134(3) PERTAINING TO THE "SPECIAL BUSINESS" AND IN PURSUANCE TO THE SECTION 208 OF THE COMPANIES ACT, 2017 IS ANNEXED WITH THE NOTICE BEING SENT TO THE MEMBERS.

***

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017 PERTAINING TO SPECIAL BUSINESS

This statement sets out the material facts pertaining to the special business, being Items on the notice, intended to be transacted at the annual general meeting of the Company to be held on September 28, 2019

As per the instructions of the Securities and Exchange Commission of Pakistan (the "SECP"), Gadoon Textile Mills Limited (the "Company") had been directed in the past to obtain a broad approval from the shareholders of the Company, regarding related party transactions carried out by the Company from time to time, on a post facto basis.

On a strict reading of the laws, the SECP was of the opinion that due to the composition of the board of directors of the Company, the board of directors would be unable to approve the transactions carried out by the Company with other companies having majority of common directors. However, no alternative mechanism was present under the Companies Ordinance, 1984.

Although transactions carried out by the Company with related parties constitute a small fraction of the Company's entire business, a restriction to carry out business with related parties would adversely affect the business of the Company. The Company carries out transactions with its associated companies and related parties in the normal course of business. It is emphasized that the Company carries out such transactions in a fair and transparent manner and on an arm's length basis. All transactions entered into with associated companies and related parties require the approval of the Audit Committee of the Company, which is chaired by the independent director of the Company. The Audit Committee reviews the transactions and ensures that the pricing method is transparent and at par with running market practice and that the terms are as per the Company's practices. Only upon the recommendation of the Audit Committee, such transactions are placed before the board of directors for approval.

The transactions with related parties carried out during the fiscal year 2018-2019 to be ratified have been disclosed in the financial statements for the year ended June 30, 2019. All such transactions were recommended by the Audit Committee and were carried out at arm's length basis.

Furthermore, since such transactions are an ongoing process and are approved by the board of directors on a quarterly basis, the shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 of which requires that shareholders' approval shall be required where the majority directors are interested in any related party transactions and regulation 4 of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 which sets out the conditions for transactions with related parties to be characterized as "arm's length transactions" and states that the parties to the transaction must be unrelated in any way.

Transactions intended to be carried out by the Company include, but are not limited to, the sale of yarn and other necessary goods, as well as the purchase of cement, cloth, power, steam, garments, textiles, vehicles and other ancillary machinery and relevant parts and other necessary commodities including receipt and payment of dividends with the following related parties including, but are not limited to:

1	Gadoon Holdings (Private) Limited	2	ICI Pakistan Limited
3	KIA Lucky Motors Pakistan Limited	4	LuckyOne (Private) Limited
5	Lucky Cement Limited	6	Lucky Energy (Private) Limited
7	Lucky Holdings Limited	8	Lucky Knits (Private) Limited
9	Lucky Landmark (Private) Limited	10	Lucky Textile Mills Limited
11	Lucky Wind Power Limited	12	Tricom Solar Power (Private) Limited
13	Tricom Wind Power (Private) Limited	14	Y.B. Holdings (Private) Limited
15	Y.B. Pakistan Limited	16	Yunus Energy Limited
17	Yunus Textile Mills Limited	18	Yunus Wind Power Limited

The shareholders would note that it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party(ies) with which the transaction(s) shall be carried out. In view of the same, the Company seeks the broad approval of the shareholders that the board may cause the Company to enter into transactions with related party / parties from time to time in its wisdom and in accordance with the policy of the Company to the extent of Rs.12,000,000,000/- (Rupees Twelve Billion Only) for the fiscal year 2019-20.

All such transactions are clearly stipulated at the end of the year in the company's annual report. Furthermore, the Company and the board continuously serve to protect the interests of the shareholders of the Company and the said transactions are entered into in order to benefit the Company and its stakeholders.

The interest of the relevant directors of the Company in the associated companies / related parties are known to the shareholders and are disclosed by the Company as per the applicable laws, including in the financial statements of the Company.

annexure

glossary

ATL	Active Tax Payers List
ACIR	Additional Commissioner Income Revenue
APCMA	All Pakistan Cement Manufacturing Association
AGM	Annual General Meeting
ATIR	Appellate Tribunal Inland Revenue
ATF	Aziz Tabba Foundation
ATKC	Aziz Tabba Kidney Centre
BMR	Balancing, Modernizing And Replacement
BCI	Better Cotton Initiative
BCP	Business Continuity Plan
CPP	Captive Power Producer
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIA	Chief Internal Auditor
CPEC	China Pakistan Economic Corridor
CPLA	Civil Petition for Leave to Appeal
CPSP	College of Physicians & Surgeons Pakistan
COD	Commercial Operations Date
CIRA	Commissioner Inland Revenue Appeals
CNIC	Computerized National Identity Card
DCIR	Deputy Commissioner Inland Revenue
DPS	Dividend Per Share
EBITDA	Earnings Before Interest Tax Depreciation And Amortization
EPS	Earnings Per Share
ECL	Expected Credit Losses
EOGM	Extraordinary General Meeting
FVTOCI	Fair Value Through Other Comprehensive Income
FTML	Fazal Textile Mills Limited
FBR	Federal Board of Revenue
FVTPL	Financial Assets at Fair Value Through Profit or Loss
GHPL	Gadoon Holdings (Private) Limited
GTML	Gadoon Textile Mills Limited
GIDC	Gas Infrastructure Development Cess
GDR	Global Depository Receipt
ICIP	ICI Pakistan Limited
IoD	Institute Of Directors
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretation Committee
IFRS	International Financial Reporting Standards
ISA	International Standards On Auditing
KIBOR	Karachi Inter-Bank Offer Rate

KLM	Kia Lucky Motors Pakistan Limited
LIBOR	London Inter-Bank Offer Rate
LAPL	Lucky Air (Private) Limited
LCL	Lucky Cement Limited
LCPL	Lucky Commodities (Private) Limited
LEPCL	Lucky Electric Power Company Limited
LEPL	Lucky Energy (Private) Limited
LFPL	Lucky Foods (Private) Limited
LHL	Lucky Holdings Limited
LKL	Lucky Knits (Private) Limited
LLPL	Lucky Landmark (Private) Limited
LTML	Lucky Textile Mills Limited
LOPL	LuckyOne (Private) Limited
MBA	Masters of Business Administration
MW	Megawatts
MMBTU	Million Metric British Thermal Unit
NAB	National Accountability Bureau
NEPRA	National Electric Power Regulatory Authority
NRV	Net Realizable Value
PBC	Pakistan Business Council
PICG	Pakistan Institute of Corporate Governance
PSX	Pakistan Stock Exchange
PESCO	Peshawar Electric Supply Company
PSF	Polyester Staple Fiber
PE	Price Earning Ratio
RDF	Refuse Derived Fuel
SPLY	Same Period Last Year
SECP	Securities and Exchange Commission of Pakistan
SHC	Sindh High Court
SPV	Special Purpose Vehicle
SNGPL	Sui Northern Gas Pipeline Limited
THI	Tabba Heart Institute
TKI	Tabba Kidney Institute
ToRs	Terms of Reference
TDF	Tyre Derived Fuel
WHRP	Waste Heat Recovery Plant
WTG	Wind Turbine Generators
WWF	Worker's Welfare Fund
WEF	World Economic Forum
YBPL	Y.B. Pakistan Limited
YBG	Yunus Brother's Group
YEL	Yunus Energy Limited
YTML	Yunus Textile Mills Limited

form of proxy

The Company Secretary,
GADOON TEXTILE MILLS LIMITED
200-201, Gadoon Amazai Industrial Estate.
Distt, Swabi, Khyber Pakhtunkhwa.

I/We ____ of
(full address) ____

being member of Gadoon Textile Mills Limited and holder of ____________
ordinary shares as per Share Register Folio No. ____________
and/or CDC Participant I.D. No. ____________
and Sub- Account No. ____________
hereby appoint ____________
of (full address) ____________
or failing him/her ____________
of (full address) ____________

who is also a member of Gadoon Textile Mills Limited, as my/our proxy in my/our absence to attend and to vote and act for me/us and on my/our behalf at the 32nd Annual General Meeting of the Company to be held on Saturday, September 28, 2019 at 10:30 am and at any adjournment thereof.

`Signature this ____________ day of ____________ ,2019

Witness

1) Signature :
Name :
Address :
CNIC No. :

2) Signature :
Name :
Address :
CNIC No. :

Signature on Five Rupee Revenue Stamp

Signature of members should match with the specifimen signature registered with the company

Note:

1. Proxies in order to be effective, must be received by the Company not less than 48 hours before the meeting. Proxy must be a member of the Company.

2. CDC Shareholders and their proxies are each requested to attach an attested photocopy of their Computerized National Identity Card with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary,
GADOON TEXTILE MILLS LIMITED
200-201, Gadoon Amazai Industrial Estate.
Distt, Swabi, Khyber Pakhtunkhwa.

تشکیل نیابت داری

جناب کمپنی سیکریٹری
گدون ٹیکسٹائل ملز لمیٹڈ،
200-201 گدون امازئی انڈسٹریل اسٹیٹ،
ڈسٹرکٹ صوابی، خیبر پختونخواہ۔

میں/ہم ______ ساکن ______ بحیثیت رکن گدون ٹیکسٹائل ملز لمیٹڈ اور حامل ______ عام حصص، بمطابق شیئر رجسٹرڈ فولیو/ سی ڈی سی شراکتی آئی ڈی نمبر ______ اور ذیلی کھاتہ نمبر ______ مسمی/مسماۃ ______ ساکن ______ فولیو/ سی ڈی سی شراکتی آئی ڈی نمبر ______ اور ذیلی کھاتہ نمبر ______ یا بصورتِ دیگر مسمی/مسماۃ ______ ساکن ______ فولیو/سی ڈی سی شراکتی آئی ڈی نمبر ______ اور ذیلی کھاتہ نمبر ______ کو اپنی جگہ بطورِ نمائندہ (پراکسی) مقرر کرتا ہوں تا کہ وہ میری/ ہماری طرف سے کمپنی کے (32nd) بتیسویں سالانہ اجلاسِ عام جو کہ بتاریخ 28 ستمبر 2019 بروز ہفتہ بوقت 10:30 بجے منعقد ہو رہا ہے میں، یا، اسکے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط رکن ______ بروز ______ 2019

(پانچ روپے مالیت کا رسیدی ٹکٹ چسپاں کر کے دستخط کریں)

دستخط گواہ نمبر 1 ______	دستخط گواہ نمبر 2 ______
نام ______	نام ______
پتہ ______	پتہ ______
شناختی کارڈ نمبر ______	شناختی کارڈ نمبر ______

نوٹ:

- تشکیل نیابت داری کی درخواست، اجلاس سے کم از کم ۴۸ گھنٹے قبل کمپنی کو موصول ہو جانی چاہیے۔ پراکسی کا کمپنی کا رکن ہونا ضروری ہے۔
- سی ڈی سی شیئر ہولڈرز اور ان کے نمائندوں سے درخواست ہے کہ پراکسی فارم کے ساتھ اپنے سی این آئی سی کی مصدقہ نقول فراہم کریں۔

AFFIX
CORRECT
POSTAGE

The Company Secretary,
GADOON TEXTILE MILLS LIMITED
200-201, Gadoon Amazai Industrial Estate.
Distt, Swabi, Khyber Pakhtunkhwa.

برآمدات پر مبنی کمپنیوں کے لئے سیلز ٹیکس ریفنڈ بونڈز متعارف کرانے کے علاوہ اس بات کی امید کی جاتی ہے کہ ٹیکسٹائل شعبے کیلئے حکومت کی جانب سے کوئی منصوبہ پیش کیا جائے گا جو کہ انہی تک محدود نہیں جیسے جی آئی ڈی سی کے حل، ٹیکس اور ڈی ایل ٹی ایل کی بروقت واپسی تا کہ کیپیٹل سرمایہ کاری پر سے ٹیکس کریڈٹ کے خاتمے اور مجموعی کاروباری حجم پر ٹیکس کی شرح میں اضافے کے اثرات کو کم کیا جاسکے۔ ایسے اقدامات سے ٹیکسٹائل سیکٹر کا اعتماد بھی بحال ہو گا اور کمپنی عالمی منڈیوں میں مقابلہ بھی کر سکے گی۔

آئی ایم ایف کی جانب سے امدادی پیکج کی منظوری اور دوست ممالک سے آسان شرائط پر ملنے والے قرضوں اور غیر ملکی کرنسی میں لین دین کے سلسلے میں کڑی نگرانی اور رواں عرصے کے دوران بہتر تجارتی توازن اور درآمدی بلوں میں کی جانے والی کمی کی بناء پر اب اس بات کی امید کی جاسکتی ہے کہ روپے کی قدر میں استحکام پیدا ہوگا اور آنے والے مالی سال کے دوران شرح سود میں کوئی غیر معمولی تبدیلی نہیں آئے گی۔

علاوہ ازیں، کمپنی کی جانب سے مستقل بنیادوں پر کوششیں جاری ہیں کہ پیداواری لاگت میں کمی لانے کیلئے اپنے ذخیرہ میں خام مال کو مناسب قیمت پر اور مؤثر امتزاج کے ساتھ شامل کیا جائے۔ اس کے علاوہ طلب ورسد کی قوتوں کو مدنظر رکھتے ہوئے فروخت کیلئے پیش کی جانے والی مصنوعات کا ایک مؤثر امتزاج بھی پیش کیا جائے گا تا کہ کمپنی کی منفعت کو بڑھانے کے ساتھ ساتھ نقد رقوم کی ترسیل میں بھی اضافہ ہو۔

مزید برآں، رواں مالی سال کے کیپٹل نوعیت کے اہم اخراجات آئندہ مالی سال کے دوران کمرشل آپریشنز کی صورت میں سامنے آ کر کمپنی کیلئے نقد رقوم کی ترسیل کا باعث بنیں گے۔

اس سے نہ صرف کمپنی کا مارکیٹ میں حصہ بڑھے گا اور منفعت پر مثبت اثرات مرتب ہونگے بلکہ کمپنی کے ورکنگ کیپٹل کی ضروریات میں بھی کمی آئے گی جس کے حتمی اثرات تمویلی لاگت میں کمی صورت میں سامنے آئیں گے۔

منافع منقسمہ پالیسی

اپنی سرمایہ کاری کی حکمت عملی، کاروباری ضروریات اور نقد رقوم کی ترسیل میں کمپنی کی صلاحیتوں کو مدنظر رکھتے ہوئے، انتہائی مسرت کے ساتھ بورڈ کی جانب سے مالی سال اختتامیہ 30 جون 2019 کیلئے فی حصص 8.50 روپے نقد کے حتمی منافع منقسمہ کی تجویز دی گئی ہے۔

مابعد واقعات

رواں مالی سال کے اختتام سے رپورٹ ہذا کی تیاری کے درمیان تک ایسے کوئی اہم واقعات پیش نہیں آئے اور نہ ہی کمپنی کی جانب سے ایسے کوئی عہد و پیما کئے گئے ہیں جن کے اثرات کمپنی کی مالیاتی پوزیشن پر مرتب ہوں۔

اظہار تشکر

ڈائریکٹروں کی جانب سے کمپنی کے تمام ورکروں، اسٹاف اور منتظمین کی کارکردگی کو خراج تحسین پیش کرتے ہوئے اسے ریکارڈ کا حصہ بنایا جاتا ہے۔

برائے ومنجانب بورڈ

صدر / ڈائریکٹر

بمقام کراچی: مؤرخہ 26 جولائی 2019

چیف ایگزیکیٹو آفیسر

کاروبار کی نوعیت میں تبدیلی

زیرنظر مالی سال کے دوران کمپنی سے متعلق بنیادی کاروباری افعال میں کوئی قابل ذکر تبدیلی واقع نہیں ہوئی ہے۔

تاہم ڈیری فارم کا کاروبار جو کہ گزشتہ برس بطور پائلٹ پروجیکٹ ظاہر کیا گیا تھا، 30 جون 2019 سے کمرشل بنیادوں پر اپنے افعال کا آغاز کر چکا ہے اور اسی مناسبت سے ڈیری فارم پروجیکٹ کے اثاثوں اور ذمہ داریوں کو بتاریخ 30 جون 2019 کمپنی کی مالیاتی دستاویزات کا حصہ بنا دیا گیا ہے۔

ترتیب حصص داری

ترتیب حصص داری بتاریخ 30 جون 2019 اور دیگر اضافی معلومات کو آپکی کمپنی سالانہ رپورٹ کا حصہ بنا دیا گیا ہے۔ منسلکہ کمپنیاں اور پبلک سیکٹر کمپنیاں 69.57%، بینک/انشورنس کمپنیاں/میوچل فنڈز 8.97%، ڈائریکٹرز 0.07% اور انفرادی طور پر افراد 21.39% حصص کے مالک ہیں۔

قرضوں کی ادائیگیاں

آپکی کمپنی میں مؤثر حکمت علمی برائے ترسیل نقد رقوم موجود ہے جس کے تحت وصول اور خرچ کی جانے والی نقد رقوم کی باقاعدگی کے ساتھ کڑی نگرانی کی جاتی ہے۔ اس جامع حکمت عملی کی وجہ سے آپکی کمپنی اپنے واجبات کی ادائیگی میں ہمیشہ مستعد ثابت ہوئی ہے اور امید ہے کہ اس سلسلے میں کسی بھی چیلنج سے نبرد آزما ہونے کیلئے ہمہ وقت تیار ہے۔ مذکورہ بالا نظام کے تحت آپکی کمپنی کی ہمیشہ یہ کوشش رہی ہے کہ تمویلی لاگت معقول حد سے آگے نہ بڑھ پائے، اس مقصد کے حصول کیلئے ذرائع تمویل میں ایک مناسب امتزاج اور مؤثر کارکردگی کو ترجیح دی جاتی ہے۔

کمپنی کی یہ روایت رہی ہے کہ اپنے ذمے واجب الادا واجبات کو بروقت ادا کیا جائے اور اسی مناسبت سے کمپنی کی تاریخ بشمول رواں میں کبھی ایسا نہیں ہوا کہ کمپنی کو اپنی ادائیگیوں کے سلسلے میں نادہندہ قرار دیا گیا ہو۔

مؤثر اندرونی مالیاتی کنٹرول

کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے ایک مؤثر اندرونی مالیاتی نظام مرتب کیا گیا ہے۔ اس نظام کے تحت تمام کاروباری امور کو مستعد اور مؤثر نداز سے چلایا جاتا ہے اور اس بات کو ممکن بنایا جاتا ہے کہ کسی بھی قسم کی بدعنوانی، فریب اور غلطیوں کی نشاندہی کی جا سکے اور ان کا تدارک بھی کیا جائے، کمپنی کے اثاثوں کی حفاظت کو ممکن بنایا جائے، تمام قواعد وضوابط کی پاسداری کو ممکن بنایا جائے، محاسبی کے تمام کھاتے ہر لحاظ سے مکمل اور صحیح ہوں اور بروقت ایسی مالیاتی دستاویزات تیار کی جائیں جو معاملات کی حقیقی عکاس ہوں۔ اندرونی مالیاتی نظام پر وقتاً فوقتاً نظر ثانی کی جاتی ہے تاکہ اس بات کو ممکن بنایا جا سکے کہ نظام مؤثر انداز سے کام کرنے کے ساتھ ساتھ نئے قوانین وضوابط کی روشنی میں وقت کے تقاضوں پر بھی پورا اتر رہا ہے۔

صحت، حفاظت اور ماحولیات

ملک کی ایک معروف گروپ سے منسلک ہوتے ہوئے، ہم نہ صرف اپنے ملازمین کی صحت اور حفاظت کے بارے میں خود ذمہ دار سمجھتے ہیں بلکہ ان لوگوں کی ذمہ داری کا احساس بھی کرتے ہیں جو ہماری فیکٹریوں کے ارد گرد آباد ہیں۔ اصل ادویات اور ماہر طبی عملے کے ساتھ اس مقصد کیلئے ایک کلینک/ڈسپنسری موجود ہے۔ ہم اپنی صنعت سازی کے عمل کے دوران بھی اس بات کو مکمل طور پر یقینی بناتے ہیں ہماری صنعت سازی میں ماحولیات کے تمام معیارات کا مکمل خیال رکھا جائے۔ ویسٹ ہیٹ ریکوری پلانٹ اور گرین انرجی پروجیکٹس میں کی جانے والی سرمایہ کاری اس کی مثالیں ہیں۔ ہمارے پیداواری عمل کے دوران مضر فاضل مادوں کا اخراج نہیں کیا جاتا۔ تاہم خارج ہونے والے فاضل مادوں کو ٹھکانے لگانے کیلئے ہماری جانب سے ایک مؤثر نظام نافذ العمل ہے۔

کارپوریٹ معاشرتی ذمہ داری

کمپنی اپنی اس ذمہ داری کا بخوبی احساس کرتی ہے کہ جس معاشرے میں ہم اپنے کاروباری افعال سرانجام دے رہے ہیں ہمیں اس معاشرے کو اس کا قرض بھی لوٹانا ہے جس کی بناء پر مثبت اثرات اس معاشرے پر مرتب ہوں۔ اس بات کو مدنظر رکھتے ہوئے گدون ٹیکسٹائل ملز لمیٹڈ کی جانب سے کارپوریٹ معاشرتی ذمہ داری اور معاشرتی ترقی، انسانی خدمت اور ماحولیات کی بقاء سے متعلق پروجیکٹس کیلئے رقوم مختص کی جاتی ہیں۔

زیرنظر عرصے کے دوران کمپنی کی جانب سے امراض چشم میں مبتلاء افراد کی فلاح و بہبود کے لئے رقوم مختص کی گئیں، تعلیمی مقاصد کیلئے لیپ ٹاپ فراہم کئے گئے اور غیر مراعات یافتہ طبقات سے تعلق رکھنے والے بچوں کی ترقی کیلئے امداد فراہم کی گئی۔ اس کے علاوہ کمیونٹی کے ممبر کے بطور اپنی جانب سے بھرپور کردار ادا کرنے کی غرض سے کمپنی کی جانب سے شجرکاری مہم اور ساحل سمندر کی صفائی جیسے اقدامات بھی اٹھائے گئے۔

اس کے ساتھ ساتھ خواتین کے عالمی دن کے حوالے سے خواتین کی بہترین صلاحیتوں کو اجاگر کرنے کی غرض سے ایک تقریب کا اہتمام بھی کیا گیا۔ اس تقریب کا مقصد خواتین کی انتھک کاوشوں کو سراہنا اور انھیں خودمختاری کی منزل کی جانب گامزن کرنا تھا۔

مجموعی طور پر کمپنی کی جانب سے معاشرے کی فلاح و بہبود کے لئے کی جانے والی کوششوں کے اعتراف میں حکومت پاکستان کی جانب سے جناب محمد یونس ٹبہ - صدر بورڈ آف ڈائریکٹرز کو یوم پاکستان 23 مارچ 2019 کے موقع پر منعقدہ ایک تقریب میں ستارہ امتیاز سے نوازا گیا ہے۔

ڈائریکٹروں کا مشاہرہ

کمپنی کے آرٹیکلز کی رو سے بورڈ آف ڈائریکٹرز اس بات کا مجاز ہے کہ ڈائریکٹروں کے مشاہرے کا تعین کرے۔ اس سلسلے میں بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کے غیر انتظامی اور آزاد ڈائریکٹروں کے مشاہرے کیلئے ایک جامع پالیسی مرتب کی گئی ہے۔

ڈائریکٹروں کی تربیت

کمپنی کے ڈائریکٹر اپنے فرائض منصبی کی بجا آوری کیلئے ہر لحاظ سے تربیت یافتہ ہیں اور کمپنیز ایکٹ 2017 اور پاکستان اسٹاک ایکسچینج رول بک کے مطابق اپنی ذمہ داریوں اور اختیارات سے بخوبی آگاہ ہیں۔

آڈیٹرز

موجودہ آڈیٹرز میسرز ڈیلائٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹس مالی سال اختتامیہ 30 جون 2019 کے سلسلے میں سالانہ آڈٹ مکمل کر چکے ہیں اور اس آڈٹ کے نتیجے میں ان کی جانب سے کلین رپورٹ پیش کی گئی ہے۔ موجودہ آڈیٹرز رواں مالی سال کے عام سالانہ اجلاس کے ساتھ ہی ریٹائر ہو جائیں گے اور اپنی اہلیت کی بنیاد پر ان کی جانب سے ایک مرتبہ پھر اپنی خدمات پیش کی گئی ہیں۔ آڈٹ کمیٹی کی جانب سے تجویز کئے جانے کے بعد، بورڈ کی جانب سے بھی تجویز دی گئی ہے کہ موجودہ آڈیٹروں کو ہی کمپنی کے اگلے مالی سال 30 جون 2020 کیلئے ایک مرتبہ پھر تعینات کر لیا جائے۔

مستقبل پر نظر

اگلے مالی سال کیلئے حکومت کی جانب سے متعین کئے جانے والے اہداف اگر حاصل کر لئے گئے تو بلاشک وشبہ ملک کی تاریخ میں ایک نئے دور کا آغاز کا ہوگا۔ بہر حال، مذکورہ احداف خاصے مشکل نظر آتے ہیں۔

حکومت کی جانب سے معیشت کو دستاویزی شکل دینے کا عزم اور اس سلسلے میں اٹھائے جانے والے جارحانہ اقدامات کی وجہ سے معیشت میں اگلے مالی سال کی پہلی دو سہ ماہیوں کے دوران سست روی کی توقع ہے۔

کمپنی نے (1) 1125 SRO مجریہ 2011 کے واپس لئے جانے کے بعد درپیش چیلنجوں کا سامنا کرنے کے لئے حکمت عملی مرتب کر لی ہے۔ اس بات کی توقع ہے کہ عام آدمی کی قوت خرید پر منفی اثرات مرتب ہونگے جس کی وجہ سے ٹیکسٹائل شعبے کی فروخت متاثر ہوگی۔ کمپنی نے اس صورت حال سے پیدا ہونے والے خلاء کو پر کرنے کے لئے منصوبہ بندی کی ہے جس میں مقامی منڈیوں میں نئی مصنوعات متعارف کرانے کے ساتھ ساتھ نئے خریدار بھی تلاش کئے جائیں گے۔ ملک میں چند مخصوص کوالٹی کے سوت کی درآمد پر حالیہ عائد کردہ اینٹی ڈمپنگ ڈیوٹی کی بدولت کمپنی اس اقدام سے پیدا ہونے والی اضافی طلب کا بھی بھرپور فائدہ اٹھائے گی۔ کمپنی پر امید ہے کہ عالمی معیشتوں کے مابین جاری تجارتی جنگ ختم ہونے سے نہ صرف عالمی معیشت بلکہ ملکی برآمدات پر خصوصاً مثبت اثرات مرتب ہوں گے۔ مزید برآں، حال ہی میں ملک کی عالمی معاشی طاقتوں کے ساتھ مراسم میں بہتری آنے کے بعد توقع ہے کہ آنے والے وقت میں غیر ملکی تجارت کے معاہدوں میں مثبت نظر ثانی کر دی جائے گی۔

بورڈ آف ڈائریکٹرز کا انتخاب

آپ کی کمپنی کے ڈائریکٹروں کا انتخاب 20 مارچ 2019 کو عمل میں لایا گیا۔ درج ذیل ڈائریکٹروں کو تین سال کے عرصے کیلئے منتخب کیا گیا ہے:

1	جناب محمد یونس ٹبہ	غیر انتظامی ڈائریکٹر / صدر
2	جناب محمد سہیل ٹبہ	انتظامی ڈائریکٹر / چیف ایگزیکیٹو آفیسر
3	جناب محمد علی ٹبہ	غیر انتظامی ڈائریکٹر
4	جناب جاوید یونس ٹبہ	غیر انتظامی ڈائریکٹر
5	محترمہ ذلیخہ ٹبہ مسکاتیہ	غیر انتظامی ڈائریکٹر
6	جناب سلیم زمیندار	آزاد ڈائریکٹر
7	جناب ظفر مسعود*	آزاد ڈائریکٹر

* جناب ظفر مسعود کو کمپنی کے بورڈ آف ڈائریکٹرز میں پہلی بار منتخب کیا گیا ہے۔

بورڈ آف ڈائریکٹرز ریٹائر ہونے والے ڈائریکٹرز جناب عمران یونس اور محترمہ مریم ٹبہ خان کی جانب سے کمپنی سے منسلک رہنے کے دوران ان کی قیمتی خدمات کیلئے تہہ دل سے مشکور ہیں اور مستقبل میں ان کیلئے نیک خواہشات کے متمنی ہیں۔

بورڈ کی کمیٹیاں

بورڈ کے انتخاب کے بعد آڈٹ، انسانی وسائل اور بجٹ کی کمیٹیاں دوبارہ سے مرتب کی گئیں ہیں۔ ذیل ان کمیٹیوں سے منسلک اراکین کی تفصیلات پیش کی جارہی ہیں:

آڈٹ کمیٹی

1	جناب سلیم زمیندار	صدر
2	جناب ظفر مسعود	رکن
3	جناب محمد علی ٹبہ	رکن
4	جناب جاوید یونس ٹبہ	رکن

انسانی وسائل واداشگیوں کی کمیٹی

1	جناب سلیم زمیندار	صدر
2	جناب جاوید یونس ٹبہ	رکن
3	محترمہ ذلیخہ ٹبہ مسکاتیہ	رکن

بجٹ کمیٹی

1	جناب ظفر مسعود	صدر
2	جناب محمد علی ٹبہ	رکن
3	جناب محمد سہیل ٹبہ	رکن
4	جناب جاوید یونس ٹبہ	رکن

بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں ممبران کی حاضری

نمبر شمار	ڈائریکٹرز	حاضری بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	انسانی وسائل واداشگیوں کی کمیٹی
1	جناب محمد یونس ٹبہ - صدر	4/4	N/M	N/M
2	جناب محمد سہیل ٹبہ - سی ای او	4/4	5/5*	1/1*
3	جناب محمد علی ٹبہ	3/4	3/5	N/M
4	جناب عمران یونس**	2/3	N/M	N/M
5	جناب جاوید یونس ٹبہ	4/4	5/5	1/1
6	محترمہ مریم ٹبہ خان**	1/3	N/M	N/M
7	محترمہ ذلیخہ ٹبہ مسکاتیہ	2/4	3/4	1/1
8	جناب سلیم زمیندار	4/4	5/5	1/1
9	جناب ظفر مسعود	1/1	1/1	N/M

* جناب محمد سہیل ٹبہ نے آڈٹ اور انسانی وسائل واداشگیوں کی کمیٹیوں کے تمام اجلاسوں میں شرکت کی جن کیلئے انھیں با قائدہ دعوت دی گئی تھی۔

** دوران سال ریٹائر ہونے والے ڈائریکٹرز

N/M: رکن نہیں ہیں

جو اراکین بورڈ اور اس کی کمیٹیوں کے اجلاس میں شرکت نہ کر سکے انھیں اس سلسلے میں رخصت دی گئی تھی۔

اہم خدشات اور غیر یقینی صورتحال

ہر کاروبار کو کئی قسم کے خطرات اور غیر یقینی صورتحال کا سامنا رہتا ہے، اگر ان مسائل سے مناسب انداز سے نہ نمٹا جائے تو یہ کمپنی کیلئے سنجیدہ مسائل اور نقصانات کا باعث بن سکتے ہیں۔ کمپنی کے بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کو لاحق ممکنہ اندرونی اور بیرونی خطرات کی باقاعدہ نگرانی کی جاتی ہے اور ان کا گہرائی کے ساتھ تجزیہ بھی کیا جاتا ہے۔ ذیل ایسے چند خطرات کا ذکر ذیل میں کیا جارہا ہے جن سے کمپنی کو سابقہ رہتا ہے:

- تیزی سے ترقی کرتی ہوئی ٹیکنالوجی قومی اور بین الاقوامی سطح پر کمپنی کیلئے ایک بڑا چیلنج ہے۔
- تجارتی محاذ کی وجہ سے برآمدات پر مبنی فروخت میں کمی اور بین الاقوامی اور مقامی سطح پر بڑھتی ہوئی مسابقت۔
- کرنسی کی غیر یقینی صورتحال، روپے کی تیزی سے گرتی ہوئی قدر، نتیجتاً درآمد شدہ خام مال کی بڑھتی ہوئی قیمتیں۔
- لاگت برائے کنورژن کا بڑھتا ہوا رجحان اور ایندھن / گیس بڑھتی ہوئی قیمتوں کیوجہ سے توانائی کی بڑھتی ہوئی لاگت۔
- KIBOR کی بڑھتی ہوئی شرح اور نتیجتاً تمویلی لاگت میں اضافہ۔
- پانچ برآمداتی شعبوں سے زیرو ریٹنگ کی سہولت واپس لئے جانے کی وجہ سے مقامی فروخت پر مرتب ہونے والے منفی اثرات اور کاروباری افعال کے لئے اضافی سرمائے کا بوجھ۔

منوفیکچرنگ کی لاگت کا سب سے بڑا حصہ خام مال کی مد میں ہے جو کل لاگت کا 73% بنتا ہے اور توانائی کی مد میں 11% لاگت آئی ہے جسے کنٹرول میں رکھنا اس سال بھی انتظامیہ کیلئے کلیدی تشویش کا باعث تھا۔ لاگت برائے پیداوار کو معقول حد تک رکھنے کیلئے انتظامیہ کی جانب سے مقامی اور درآمد شدہ کاٹن کو مناسب امتزاج میں خریدا گیا۔

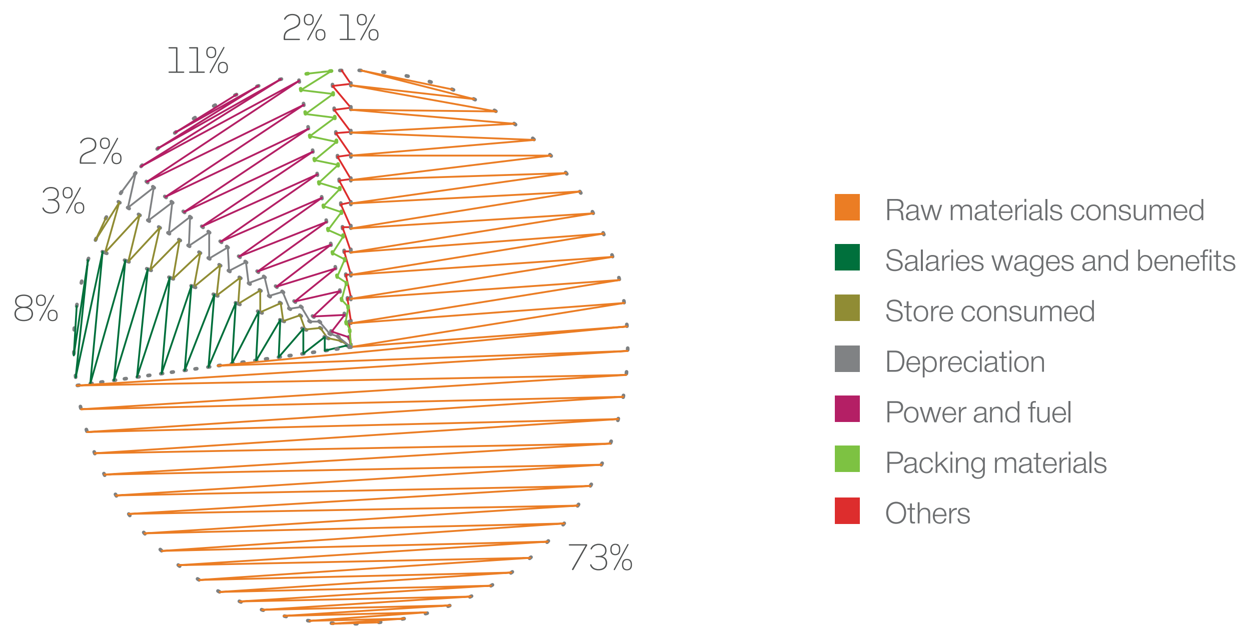
جہاں تک توانائی کا زیر استعمال لانے کا تعلق ہے، کمپنی کی جانب سے بجلی کی پیداواری امتزاج کو تبدیل کیا گیا، جس میں فرنس آئل کے مقابلے میں قدرتی گیس سے زیادہ بجلی پیدا کی گئی، توانائی کی بچت والے جنریٹرز کا زیادہ استعمال اور ساتھ ساتھ ویسٹ ہیٹ ریکوری پلانٹ سے بھی بھرپور فائدہ اٹھایا گیا ہے۔ ان اقدامات کی وجہ سے گزشتہ سالوں کے مقابلے میں رواں سال کے دوران مجموعی طور پر کمپنی، توانائی کی مد میں لاگت کو بڑی حد تک قابو میں رکھنے میں کامیاب رہی۔

لاگت برائے ترسیل مال میں آنے والی کمی کی بنیادی وجہ برآمداتی فروخت میں آنے والی کمی ہے۔ اسی طرح انتظامی امور کے سلسلے میں بڑھنے والے اخراجات کی بنیادی وجہ وہ امور تھے جنھیں قابو میں رکھنا ممکن نہ تھا جن میں افراط زر اور ملازمین سے متعلق اخراجات وغیرہ شامل تھے۔

مزید برآں، مختلف النوع ذرائع میں کی جانے والی سرمایہ کاری کے نتائج معمولی اضافہ کے ساتھ لگ بھگ گزشتہ سال کی سطح پر رہے۔ مزید برآں، دیگر آمدن میں کمی کی وجہ سوت کتائی کے شعبے میں برآمدی ریبیٹ کو رواں مالی سال کے دوران توسیع نہ دینا ہے جو کہ گزشتہ مالی سال کے دوران 355.64 ملین روپے ریکارڈ کیا گیا تھا۔

کمپنی کی انتظامیہ کی جانب سے بی ایم آر کی حکمت عملی پر عمل جاری ہے جس کے تحت تمام قدیم ٹیکنالوجی کو جدید ٹیکنالوجی سے تبدیل کیا جا رہا ہے۔ اس سلسلے میں زیر نظر دورانیئے میں اہم ترین کیپٹل اخراجات کیئے گئے ہیں۔ ان اخراجات کی وجہ سے کمپنی کی کارکردگی پر تمویلی اخراجات کی صورت میں اضافی بوجھ وارد ہوا ہے جس کے ثمرات اگلے سال سے ظاہر ہونا شروع ہو جائیں گے کیونکہ ان اقدامات کی وجہ سے کم لاگت پر کمپنی کی مصنوعات کے معیار میں خاطر خواہ اضافہ ہونے کی توقع ہے۔

فنانس ایکٹ 2019 کے تحت انکم ٹیکس مجریہ 2001 کی دفعہ 65B کی رو سے 2018 تک ملنے والا ٹیکس کریڈٹ بحساب 10% اب 2020 اور اس کے بعد سے واپس لے لیا گیا ہے۔ مزید یہ کہ ٹیکس کریڈٹ کی شرح کو مالی سال 2019 کیلئے 10% سے کم کر کے 5% کر دیا گیا ہے۔ کمپنی کو ٹیکس کریڈٹ میں کمی کے باعث 134 ملین روپے کا اضافی بوجھ اٹھانا پڑا۔



مختلف شعبوں میں کاروباری کارکردگی کا جائزہ

آپکی کمپنی میں کاروباری افعال کو بنیادی طور پر دو شعبوں میں منقسم کیا گیا ہے یعنی سوت کتائی اور بُنائی کے شعبے۔ شعبوں کی بنیاد پر دوران سال نتائج کو ذیل میں پیش کیا جا رہا ہے:

	سوت کتائی	بُنائی	سوت کتائی	بُنائی
	2019		2018	
	روپے ہزاروں میں			
آمدن	29,805,745	1,411,734	26,162,784	1,391,903
منافع قبل از ٹیکس	777,774	326,616	684,462	312,014

اس کے علاوہ ڈیری کے شعبے میں کمرشل سطح پر کاروباری سرگرمیوں کا آغاز 30 جون 2019 سے کیا جا چکا ہے۔ اس شعبے کی کارکردگی کو اگلے مالی سال کی مالیاتی دستاویزات کا حصہ بنایا جائے گا۔

اہم ترین سرمایہ کاری کی نوعیت

رواں مالی سال کے دوران کمپنی کی جانب سے ٹرائی کوم سولر پاور (پرائیویٹ) لمیٹڈ، ٹرائی کوم ونڈ پاور (پرائیویٹ) لمیٹڈ اور یونس ونڈ پاور لمیٹڈ میں سرمایہ کاری کے سلسلے میں حصص داران سے (مؤرخہ 13 اپریل 2018) منظوری حاصل کر لی گئی تھی کیونکہ ریگولیشن 6 "کمپنیز (انویسٹمنٹ بابت منسلکہ کمپنیاں یا منسلکہ ذمہ داریاں) ریگولیشنز 2017" کے تحت خصوصی قرارداد پاس ہونے کے 12 ماہ کے اندر اندر منظور شدہ رقوم ان کمپنیوں میں سرمایہ کاری کرنے کی شرط پر کمپنی عمل نہ کر سکی اور یہ وقت ختم ہو رہا تھا جس کی وجہ ان امور پر عمل پیرا ہونے کے سلسلے میں باقی رہ جانے والے قانونی تقاضے تھے۔

تاہم کمپنی مستعدی کے ساتھ ان امور کی پیروی کر رہی ہے تاکہ اس بات کو یقینی بنایا جا سکے کہ منظور شدہ مدت کے اندر اندر کمپنی یہ سرمایہ کاری کر سکے۔

مزید برآں، رواں مالی سال کے دوران بورڈ آف ڈائریکٹرز کی جانب سے 150 میگا واٹ ہائیڈل پاور پروجیکٹ میں سرمایہ کاری کی منظوری دی جا چکی ہے، مذکورہ پروجیکٹ کو صوبہ خیبر پختون خواہ میں لگایا جانا مقصود ہے۔ چونکہ یہ معلومات انتہائی اہمیت کی حامل ہے اس لئے اس معلومات سے پاکستان اسٹاک ایکسچینج کو بھی بذریعہ خط مؤرخہ 13 جولائی 2018 آگاہ کیا جا چکا ہے۔ تاہم کمپنی کی جانب سے مختلف متعلقہ اتھارٹیز/ریگولیٹرز سے منظوریاں حاصل کی جا رہی ہیں اسی لحاظ سے آج کی تاریخ تک اس پروجیکٹ کسی قسم کوئی سرمایہ کاری نہیں کی گئی۔

بورڈ آف ڈائریکٹرز کی ترتیب

بتاریخ 30 جون 2019 سے بورڈ آف ڈائریکٹرز درج ذیل پر مشتمل ہے:

ڈائریکٹروں کی کل تعداد

الف) مرد	06
ب) خواتین	01

ترتیب

الف) آزاد ڈائریکٹرز	02
ب) دیگر غیر انتظامی ڈائریکٹرز	04
ج) انتظامی ڈائریکٹر	01

ڈائریکٹرز رپورٹ برائے ممبران

عزیز ممبران

آپکی کمپنی کے ڈائریکٹرز انتہائی مسرت کے ساتھ 30 جون 2019 کو ختم ہونے والے مالی سال سے متعلق جائزہ بابت کارکردگی و آڈٹ شدہ مفرد و یکجا مالیاتی دستاویزات آپکی خدمت میں پیش کر رہے ہیں۔

جائزہ

آپکی کمپنی بنیادی طور پر سوت اور بنا ہوا کپڑا بنانے کے کاروبار سے منسلک ہے۔ اپنے گاہکوں کو سہولیات فراہم کرنے اور لاگت کے اثرات کو کم از کم سطح پر رکھنے کی غرض سے کمپنی کی جانب سے ایک حکمت عملی کے تحت اپنی صنعت سازی کے عمل کو شمالی اور جنوبی جغرافیائی محل وقوع میں منقسم کر رکھا ہے۔

زیر نظر عرصے کے دوران آپکی کمپنی کی جانب سے 31.21 ارب روپے کا مجموعی کاروباری حجم ریکارڈ کیا گیا ہے، جبکہ گزشتہ سال اسی عرصے کے دوران 27.55 ارب روپے کا کاروباری حجم ریکارڈ کیا گیا تھا یعنی گزشتہ مالی سال کے مقابلے میں زیر نظر مالی سال کے دوران آمدن کی شرح نمو 13.29% ریکارڈ کی گئی ہے۔ زیر نظر عرصے کے دوران مجموعی خام منافع کی شرح بڑھ کر 9.27% ہو چکی ہے جو کہ گزشتہ مالی سال کے اس عرصے کے دوران 7.06% ریکارڈ کی گئی تھی۔ منفعت میں ہونے والے اس اضافے کا سہرا مصنوعات کے بہتر امتزاج، توانائی کے خرچ اور پیداوار میں بہترین امتزاج اور قیمت فروخت میں اضافے کو جاتا ہے۔

روپے کی قدر میں اچانک کمی اور مرکزی بینک کی جانب سے شرح سود میں 7% سے 12.25% کے اضافے جیسے عوامل کمپنی کے ذرائع بندوبست کی لاگت پر اثر انداز ہوئے۔ تمویلی لاگت بلحاظ فروخت 3.52% درج کی گئی ہے جو کہ گزشتہ مالی سال اسی عرصے کے دوران 2.09% ریکارڈ کی گئی تھی۔ ان تمام حقائق کے باوجود انتظامیہ کی جانب سے فنڈز کا مؤثر امتزاج ترتیب دیا گیا جس کا پھیلاؤ کم از کم سطح پر رکھا گیا تا کہ لاگت برائے تمویل کو کم از کم سطح پر رکھا جا سکے۔

زیر نظر مالی سال کے دوران، انتخابات کی وجہ سے غیر یقینی صورتحال، عالمی سطح پر بڑے ممالک کے مابین تجارتی جنگ، رواں کھاتے کے خسارے اور خطے کے تاجروں کے مابین پائی جانے والی سخت مسابقت بمعہ روپے کی تیزی سے گرتی ہوئی قدر اور افراط زر کی بڑھتی ہوئی شرح کے باوجود، انتظامیہ کی جانب سے مستقل کوششوں کے نتیجے میں کمپنی 1,186.10 ملین روپے کا منافع حاصل کرنے میں کامیاب رہی جبکہ گزشتہ مالی سال کے اسی عرصے کے دوران 1,185.29 ملین روپے منافع درج کیا گیا تھا۔

کارپوریٹ تنظیم نو

زیر نظر عرصے کے دوران لکی ہولڈنگز لمیٹڈ (ایل ایچ ایل) - ایک منسلکہ کمپنی کے بورڈ آف ڈائریکٹرز اور حصص داران سے منظوری کے بعد ایل ایچ ایل کی جانب سے اسکیم بابت بندوبست (اسکیم) کی درخواست معزز عدالت عالیہ سندھ کے روبرو دائر کی گئی ہے، درخواست دائر کرنے سے قبل ایل ایچ ایل کے بورڈ آف ڈائریکٹرز اور حصص داران سے باقاعدہ منظوری حاصل کر لی گئی تھی۔ اس اسکیم کے مطابق آئی سی آئی پاکستان لمیٹڈ میں ایل ایچ ایل کی سرمایہ کاری کو نکالا جائے گا اور آئی سی آئی کے حصص ایل ایچ ایل کے موجودہ حصص داران کو ان حصص کے تناسب سے منتقل کر دیئے جائیں گے۔

اسی طرح کمپنی جتنی تعداد میں حصص کی مالک ہے اتنی ہی تعداد میں حصص گدون ہولڈنگز (پرائیویٹ) لمیٹڈ (جی ایچ پی ایل) - جو مکمل طور پر کمپنی کی ذیلی کمپنی ہے، کو منتقل کر دیئے جائیں گے۔ کمپنی ایل ایچ ایل میں بقیہ صافی اثاثوں کے بقدر حصص کی مالک رہے گی جس میں سے لین دین کے اثرات کو منہا کر دیا جائے گا۔

اس اسکیم کو سندھ ہائی کورٹ کی جانب سے مؤرخہ 09 اپریل 2019 کو منظور کر لیا گیا ہے اور اس کا نفاذ یکم جولائی 2018 سے مؤثر ہے۔ اس اسکیم کے تحت جی ایچ پی ایل اب مکمل طور پر کمپنی کی ذیلی کمپنی بن چکی ہے لہذا مفرد مالیاتی دستاویزات تیار کرنے کے ساتھ ساتھ کمپنی کی جانب سے زیر نظر دورانیئے کیلئے یکجا مالیاتی دستاویزات بھی تیار کئے گئے ہیں۔

معاشی منظر نامہ

مجموعی طور پر ملک کی معاشی صورتحال استحکام کی جانب گامزن ہے۔ زیر نظر عرصے کے دوران ملک کے اندر برآمدات میں 1.00% کی معمولی سی کمی دیکھی گئی ہے جس کی وجہ خام مال کی قیمتوں میں اضافہ تھا۔ تاہم ڈالر کی صورت میں درآمدی بل میں 9.86% کی کمی کے بعد گزشتہ سال اسی عرصے کے مقابلے میں زیر نظر عرصے کے دوران رواں کھاتے کے خسارے میں 15.33% کی کمی واقع ہوئی ہے۔ مزید برآں، ملک میں امریکی ڈالر کی صورت میں آنے والی ترسیل زر میں بھی 9.68% کے حساب سے اضافہ ہوا ہے، جس کی وجہ سے توقع کی جاتی ہے کہ ملکی معیشت میں استحکام آئے گا۔

زیر نظر عرصے کے دوران غیر یقینی صورتحال بھی موجود رہی جس کی بنیادی وجہ روپے کی قدر میں تیزی سے آنے والی کمی تھی۔ اس کے علاوہ زیر نظر عرصے کے دوران شرح منہائی میں بھی اضافہ ہوا جو کہ افراط زر میں اضافے کا باعث بنا۔

دوست ممالک کی جانب سے ملنے والی مالی امداد، حال ہی میں بیرونی سرمایہ کاری کیلئے مفاہمتی یاداشتوں پر دستخط اور آئی ایم ایف کی جانب سے ملنے والے امدادی پیکج کی منظوری کے بعد اب اس بات کی قوی امید ہے کہ معیشت ترقی کی راہ پر دوبارہ گامزن ہو جائے گی۔

مالیاتی کارکردگی

زیر نظر مالی سال اختتامیہ 30 جون 2019 سے متعلق کمپنی کے اہم مالیاتی نتائج کا موازنہ ذیل میں پیش خدمت ہے:

خلاصہ برائے نفع ونقصان	30 جون 2019	30 جون 2018	فیصد
	روپے ہزاروں میں		مثبت/(منفی)
برآمدات	8,345,846	10,329,551	(19.20)
مقامی	22,871,633	17,225,136	32.78
فروختگی (صافی)	31,217,479	27,554,687	13.29
خام منافع	2,892,723	1,944,890	48.73
تمویلی لاگت	(1,098,179)	(574,682)	(91.09)
لاگت برائے ترسیل مال	(401,764)	(437,311)	8.13
لاگت برائے انتظامی امور	(276,997)	(224,245)	(23.52)
دیگر آمدن	651,441	926,387	(29.68)
منافع قبل از ٹیکس	1,668,457	1,473,646	13.22
منافع بعد از ٹیکس	1,186,102	1,185,296	0.07
آمدن فی حصص (روپے)	42.32	42.29	

پاکستانی سوت کی چین کو برآمدات کی شرح کافی بلند ہے مگر گزشتہ مالی سال کہ برعکس زیر نظر عرصے کے دوران سوت کتائی کے شعبے کو برآمداتی چھوٹ کی عدم دستیابی کہ علاوہ عالمی معاشی طاقتوں کی تجارتی محاذ آرائی جیسے عوامل برآمدات میں کمی کا سبب بنے جس کی وجہ سے پاکستان کو چین کی جانب سے کم آرڈر ملے۔ تاہم رواں مالی سال کے پہلے سہ ماہی کے مقابلے میں دوسرے سہ ماہی میں سوتی بیگز کی برآمدات میں 94.70% جبکہ بنے ہوئے کپڑے کی برآمدات میں 78.59% کا اضافہ ریکارڈ کیا گیا ہے۔

مزید یکہ مقامی منڈیوں کے ویلیو ایڈڈ سیکٹر کی جانب سے اضافی طلب کا کمپنی نے بھرپور فائدہ اٹھایا جس کی وجہ سے مقامی سطح پر فروخت میں 5.65 ارب روپے کا اضافہ درج کیا گیا ہے یعنی 32.78% اضافے کے ساتھ مقامی فروخت کا حجم زیر نظر عرصے میں 22.87 ارب روپے ریکارڈ کیا گیا ہے جو کہ گزشتہ مالی سال اسی عرصے کے دوران 17.22 ارب روپے ریکارڈ کیا گیا تھا۔

سال رواں کی آخری سہ ماہی کے دوران سابقہ سہ ماہیوں کے مقابلے میں نتائج میں کافی بہتری آئی ہے جس کی وجہ روپے کی قدر میں آنے والی کمی کی وجہ سے سوت کی قیمت اور خام مال کی قیمتوں میں اضافہ تھا۔ بڑھتی ہوئی قیمتوں کے مسئلے سے نمٹنے کیلئے کمپنی کے پاس موجود وافر ذخائر کے مثبت اثرات برآمد ہوئے۔ مینوفیکچرنگ کی لاگت کا تجزیہ ذیل میں پیش کیا جا رہا ہے: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